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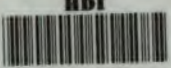
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Public Utilities Commission

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SEVENTH ANNUAL REPORT

Public Utilities Commission

STATE OF MAINE

EIGHTEEN MONTHS ENDING JUNE 30,

1922



SEVENTH ANNUAL REPORT

cf

Public Utilities Commission

STATE OF MAINE

EIGHTEEN MONTHS ENDING JUNE 30, 1922

1922



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PUBLIC UTILITIES COMMISSION OF THE STATE
OF MAINE

THE COMMISSION

* BENJAMIN F. CLEAVES, *Chairman*
† CHARLES E. GURNEY, *Chairman*
HERBERT W. TRAFTON, *Commissioner*
ALBERT GREENLAW, *Commissioner*

GEORGE F. GIDDINGS, *Clerk*
† VYNDEL A. HEWES, *Assistant Clerk*
RUEL C. HANKS, *Official Reporter*

ENGINEERING DEPARTMENT

WILLIAM M. BLACK, *Chief Engineer*
HAROLD W. COFFIN, *Assistant Engineer*

ACCOUNTING DEPARTMENT

ALBERT E. LAMB, *Chief Accountant*
GEORGE A. COLBURN, *Auditor*

RATES DEPARTMENT

FRANK J. McARDLE, *Chief*

INSPECTIONS DEPARTMENT

ELMER E. PARKMAN, *Chief Inspector of Utilities*
FRANK A. DOLLOFF, *Inspector of Utilities*

TELEPHONE DEPARTMENT

GEORGE R. ARMSTRONG, *Telephone Engineer*

* Resigned April 22, 1921

† Resigned January 25, 1922

‡ Qualified October 29, 1921

To the Honorable Governor and Executive Council of the State of Maine:

GENTLEMEN:—The Public Utilities Commission hereby respectfully submits its seventh report for the eighteen months ending June 30, 1922.

At the time the Commission was organized on December 1, 1914, the working force consisted of three commissioners, a clerk, an assistant and one stenographer. The work of the department has increased very rapidly, and at the present time the working force consists of three commissioners, clerk, chief engineer, assistant engineer, chief accountant, auditor, chief of rates and schedules, chief inspector, assistant inspector, telephone engineer, official reporter and five stenographers. Recently the Commission deemed it best to distribute the work performed by the assistant clerk among its different employees so that the services of one man have been dispensed with.

At the present time there are under the jurisdiction of this Commission 478 public utilities classified as follows: Electric light and power, 98; electric railroads, 15; express, 5; gas, 16; steamboat, 29; steam railroad, 14; telephone, 109; telegraph, 4; warehousemen, 6; water, 169; wharfingers, 13.

All of the above companies with the exception of about thirty are small, and on this account the work of the Commission and its staff is greatly increased. The large utility corporations do not need the advice or expert assistance of the Commission or its staff because they are in a position to employ the necessary experts to enable the corporations to function satisfactorily as public utilities.

The large companies of course, as well as the small ones, require supervision upon the part of the Commission to the end that their practices may be non-discriminatory and their rates just and reasonable. The small companies are not in a position financially to employ regularly such experts as are necessary to enable the corporations to perform satisfactorily their duties as public utilities. A great many times this commission during its six years of operation has assisted these small companies by having its experts advise them with a view of raising standards of

service. The advice of the Commission and its experts has been heartily received, and we are of the opinion that standards of service of these companies are being raised.

The Commission in order to expedite its work operates six dockets, namely: Accident, Contract, Formal Complaint, Informal Complaint, Railroad, Utility. A very large portion of work of this commission is in the form of complaints either formal or informal. It is our policy before ordering a formal public hearing upon a complaint to endeavor, through a conference with the interested parties, to adjust the matter satisfactorily to all concerned. In a great many instances several conferences are necessary, and after careful study of its dockets the Commission is of the opinion that fifty to seventy-five per cent of the complaints which it receives are closed without formal public hearings, and to the satisfaction of all concerned. All complaints, large and small, receive the careful consideration of the Commission.

The issue of stock, bonds and other evidences of indebtedness by public utilities is considered a serious matter by this Commission, and all applications therefor are carefully scrutinized and a great deal of research work is performed by the Commission and its different departments. After a study of the cases passed upon by the Commission we found that a saving in the sale of bonds has been made to several utilities, and the public through those utilities, of amounts varying from seven hundred dollars to eight thousand dollars. This saving was made by the Commission ordering the securities sold at a higher figure than that proposed by the utilities.

This Commission, by jurisdiction conferred upon it by Chapter 98 of the Public Laws of 1917, is charged with the important duty of supervision of water companies to the extent of preventing the source of all domestic supplies from becoming polluted. The Commission works in co-operation with the State Department of Health, and has during the past four years corrected unsanitary conditions surrounding the sources of supply of many water companies.

The engineering problems which come to this Commission are numerous and varied in character. Current engineering work *only* is now taken care of by the chief engineer and one assist-

ant who is also an electrical engineer. It is our desire to begin the inventory and valuation of public utilities of this state. We believe the Commission should have on file in its office the data which can only be obtained by such inventory and valuation. It is also our desire to make an inspection of the bridges located upon all steam and electric railroads, together with municipal bridges over which the tracks of electric railway companies are operated. In order to do this work it will be necessary for us to have an appropriation sufficient to hire at least two more capable engineers.

Section 48 of Chapter 55 of the Revised Statutes makes it obligatory upon this Commission to cause annually an inspection to be made of the tracks, rolling stock, bridges, viaducts and culverts of all railroad companies. This work, with the exception of inspection of bridges, has been delegated by the Commission to its chief inspector who has one assistant. In addition to the annual inspection work above referred to, the inspections department investigates all accidents of serious nature occurring upon the premises of any public utility, and makes report to the Commission. After a careful study of his report, if the Commission deems it advisable to hold a public investigation, notices are served upon the utility affected and ample opportunity is given to all persons interested to appear and give testimony before the Commission. These investigations are for the purpose of making recommendations so as to prevent the recurrence of similar accidents.

The legislature enacted Chapter 184 of the Public Laws of 1921 which provides for the jurisdiction of this Commission over every person, firm or corporation operating any motor vehicle or vehicles upon any public street or highway for the carrying of passengers for hire and in such manner as to afford a means of transportation similar to that offered by street railways and commonly known as jitneys or jitney busses operating regularly over routes between points in this state. The Commission is authorized to make from time to time rules and regulations governing the operation of such motor vehicles, which rules shall include provisions concerning the route of operation, schedule to be operated and maintained, rates of fare to be charged for the carriage of passengers, the safe-guarding of passengers and

other persons using the street or highway, and such other regulations as may be deemed necessary for the safety and convenience of the public. Under said Chapter 184 before any person, firm or corporation is allowed to operate a motor vehicle or vehicles as above referred to, on any street or highway in any city or town of this state, it must obtain from this Commission a certificate permitting such operation. During the past year a great many certificates have been issued to persons, firms and corporations to operate motor vehicles in accordance with the law.

The following is a statement, in tabular form, of the expenses of the Commission for the period of eighteen months ending June 30, 1922:

SIX MONTHS PERIOD ENDING JUNE 30, 1921

Appropriation for Salaries and Clerk	
Hire	\$21,600 00
Expended for Salaries of Commis-	
sioners and Clerks	\$8,383 89
Accountants	1,999 66
Chief of Rates and Schedules.....	1,249 82
Chief Engineer	1,249 82
Assistant Engineer	999 96
Telephone Engineer	1,249 82
Inspectors	1,999 66
Official Reporter	749 84
Office Stenographers	2,265 00
<hr/>	
Total Salaries	20,147 47
<hr/>	
Balance	\$1,452 53
Appropriation for General Office Ex-	
penses	\$5,000 00
Traveling expenses	\$632 15
Office supplies and expenses.....	494 02
Postage	300 00

Printing and buying forms.....	13 80	
Printing General Orders	71 71	
Express	8 44	
Witness fees, etc.	5 80	
Books and periodicals	85 50	
Printing annual report	2,916 53	
Telephone and telegraph	172 61	
Miscellaneous expenses	30 00	
		<hr/>
		\$4,730 56
Expenses in Accounting Department:		
Traveling expenses	\$46 10	
Printing and buying forms.....	171 16	
		<hr/>
		217 26
Expenses in Rates and Schedules Department:		
Traveling expenses	\$88 00	88 00
Expenses in Engineering Department:		
Engineering equipment	\$10 00	
Traveling expenses	156 04	
Printing blanks, forms, etc.....	11 76	
		<hr/>
		177 80
Expenses in Inspection Department:		
Inspection of utilities	\$512 08	
Automatic signals, warning signs, etc.	28 30	
Pollution of domestic water supply	156 35	
Accident investigation	58 83	
		<hr/>
		755 56
		<hr/>
Total general expense.....		\$5,969 18
		<hr/>
Overdraft paid by Council Order		\$969 18
1920 expenses paid during 1921 by Council Order:		
Express	\$ 95	
Printing and buying forms.....	96 58	
Maps of Maine	433 32	
Automatic signals, etc.	10 00	
Pollution domestic water supply..	6 70	
		<hr/>
		\$547 55

YEAR ENDING JUNE 30, 1922

Appropriation for Salaries and Clerk Hire		\$43,200 00
Expended for Salaries of Commissioners and Clerks	\$16,164 36	
Accountants	4,000 00	
Chief of Rates & Schedules.....	2,499 64	
Chief Engineer	2,500 00	
Assistant Engineer	2,000 00	
Telephone Engineer	2,500 00	
Inspectors	4,118 55	
Official Reporter	1,771 13	
Office Stenographers	4,840 00	
Total salaries		40,393 68
Balance		\$2,806 32
Appropriation for General Office expenses		\$10,000 00
Traveling expenses	\$876 16	
Office supplies and expenses.....	1,495 87	
Office equipment	370 82	
Postage	400 00	
Printing and buying forms.....	11 50	
Printing General Orders	151 56	
Express	23 55	
Witness fees, etc.	48 63	
Books and periodicals	125 00	
Telephone and telegraph	394 75	
Miscellaneous	828 71	
		4,726 55
Expenses in Accounting Department:		
Traveling expenses	\$122 09	
Printing and buying forms.....	520 94	
		643 03
Expenses in Rates & Schedules Department:		
Traveling expenses	\$207 49	207 49

Expenses in Engineering Department:

Engineering equipment	\$411 37	
Traveling expenses	385 80	
Printing blanks, etc.	154 89	
		952 06

Expenses in Inspection Department:

Inspection of utilities	\$816 69	
Automatic signals, etc.	23 46	
Pollution of domestic water supply	267 90	
Regulation of jitneys	38 14	
Accident investigation	177 04	
		1,323 23

Total general expense	\$7,852 36
Balance	\$2,147 64

After careful consideration the Commission has decided to omit the statistical part of its annual report. The printing of statistics is very expensive and we do not believe that the benefit accruing to the public compensates for the expenditure of money for that purpose. However, the statistics have been tabulated by the accounting department of the Commission and are on file for the use of the public.

We append to this report some of the decisions and orders of the Commission pertaining to matters considered formally during the year, following which are the reports of the chiefs of the different divisions of the department.

In closing our report we wish to express to the men and women in the department our earnest appreciation of the efficient manner in which each and all have handled the work assigned to them. Each employee has co-operated, not only with the Commission, but with each other, to make the work of the department a success, and all have given to the State of Maine the results of their best efforts.

Respectfully submitted,

CHARLES E. GURNEY,
HERBERT W. TRAFTON,
ALBERT GREENLAW,

Public Utilities Commission of Maine.

July 1, 1922.

REPORT OF THE CHIEF ENGINEER FOR THE
YEAR ENDING DECEMBER 31, 1921.

*To the Maine Public Utilities Commission, Augusta, Maine,
Hon. Charles E. Gurney, Chairman:*

GENTLEMEN:—Following is my report on the activities of the engineering department for the period beginning January 1st, 1921, and ending June 30th, 1922.

During this 18 months' period the staff has consisted of myself and one assistant, H. W. Coffin. Frequently in the past it has been found necessary to employ additional help in the preparation of cases. We have, however, been able to handle the current work coming to the department without the usual increases in personnel in the summer months. We have made a number of useful additions to our equipment, the principal items of which are a portable Esterline graphic voltmeter, a portable indicating voltmeter and a portable transformer, useful in voltage surveys to determine the character of the electric service rendered to the various communities. The apparatus purchased has been of great assistance to us in our investigations. With the various indicating and recording devices we are able to determine what conditions actually exist, whereas in the past we have been more or less dependent on guess work or the good will of the companies under investigation for our information.

Investigations have been made and report submitted in 77 cases as follows:

33 extension cases involving the rendering of service to new customers or districts.

7 cases involving the safe construction and operation of utility properties.

14 cases relative to the character and adequacy of the service rendered.

12 cases requiring valuation of utility properties. These valuations were made for cases involving rates, sale of property or issue of securities.

4 cases relative to the safety and proper method of repairing certain bridges used by the railways.

1 case relative to the expenditures incurred in the re-building of a railroad underpass to eliminate dangerous conditions.

6 cases of a miscellaneous nature relating to the general practices of various utilities.

In the investigation of these cases it has been necessary for the members of the engineering staff to attend many conferences and to be present at 27 hearings.

Aside from the cases listed above a large amount of work has been done which should be recorded. There are also certain points relating to the general functions of an engineering staff and our opportunities for adequately attending to these functions at the present time.

BRIDGES

Beside the cases listed above we have inspected four bridges, examined the plans for three and recommended two of these for the approval of the Commission. Two bridges have been examined after repairs or reconstruction with the recommendation that the Commission grant certificates of safety for these structures.

Section 48 of Chapter 56 requires the Commission to "carefully examine the tracks, rolling stock, bridges, viaducts, and culverts of all railroads" annually. The work of inspecting the bridges and viaducts was assigned to the engineering department. I can only state that we have done nothing in the way of systematic inspection. It is impossible to cover this field without an assistant who can devote the major part of his time to the work. As to what a systematic inspection could accomplish I can but refer you to the Chief Engineer's report published in the Commission's reports for 1918 and 1919, indicating what was accomplished when one man devoted only a part of his time to this undertaking. I have been with the Commission just a little over four years and in that time four railway bridges have failed under traffic. That no one has been killed in these failures has been simply a fortunate circumstance.

WATER COMPANIES

Questions relating to the character and adequacy of a water supply and the conditions under which it is delivered to the con-

sumer are primarily engineering questions frequently involving complicated hydraulic considerations. I, therefore, feel that the Commission should have available a hydraulic and sanitary engineer who would function as a service engineer for water companies in the same manner as the present assistant engineer, Mr. Coffin, is so ably serving for the electric companies. Safe, adequate water supplies are a necessity to the public and an intimate knowledge of all the conditions surrounding the procuring and distribution of water is essential to reasonable regulation of the utilities furnishing our municipal and domestic water supplies.

VALUATION

In the past valuation work has been undertaken only in connection with some particular case and in these circumstances the results may at times be colored to a greater or less extent by the purposes for which the valuation is being made. Usually the final report on a property is desired within a short time after the case comes to this department, but the proper preparation of a valuation report and due consideration of all of the many elements affecting value cause delays which are unsatisfactory and might in certain circumstances entail losses to the parties interested. I have in every instance endeavored to handle these cases as expeditiously as possible and at the same time carefully consider all modifying conditions.

It is my belief that a systematic valuation of all the public utility property in the State should be started. Such a process would result in putting all of the properties on the same basis; would eliminate the chance of the results being influenced by the circumstances of a particular case; would make it possible to correlate the valuations made by this department with the property accounts as shown by the records in the accounting department, and eventually would result in expediting the handling of cases requiring valuations. It should further be noted that such valuations made on an established basis could readily be changed to any other basis deemed necessary in a particular case by direct comparison of the bases involved.

If the other suggested additions to the engineering staff were made it would be unnecessary to employ any more full time men

because of this work. It would, however, be necessary to provide funds so that one or two field men could be employed during summer months.

SAFETY AND SERVICE RULES AND INSPECTION OF ELECTRICAL EQUIPMENT

In 1917 work was started on the preparation of service rules for gas and electric light companies. A hearing was held in March, 1918, but the rules were not completed and promulgated because of the war conditions. In October, 1919, I received instructions from the Commission to take up the work of establishing service rules for the two classes of utilities. The service rules for gas companies were considered first, revised, re-submitted to the Commission and approved in April, 1921, becoming effective July 1st, 1921.

Active work on the rules for electric utilities was delayed because the National Electrical Safety Code, as prepared by the Bureau of Standards, was undergoing extensive revision and I felt that possibly parts of the revised code might with advantage be combined with the service rules. Copies of the revised code were received in June, 1921, and a study of its provisions and their application to State of Maine conditions were started at once.

It soon became apparent that the major portion of the code was applicable to Maine conditions. The rules contained therein covered the physical relations which should exist between the power, signal or communication lines and the railroads. This being so, it was hardly desirable to attach such safety rules to the electric service rules because they applied to communication as well as power companies. I have in the last year been in conferences or communication with representatives of the Bureau of Standards, the National Electric Light Association, Insurance Companies and Associations, Power, Telephone, Telegraph and Railroad Companies operating properties within the State and many of the electrical departments of the larger cities and towns. In February of this year I spent several days in New York at the meetings of the Safety Code Committee of the National Electric Light Association where representatives of many of the largest power companies in the country had come together to consider the National Electric Safety Code.

In the preparation of the service rules I followed closely those proposed by the Bureau of Standards, Circular No. 56, "Suggested rules for the regulation of electric service by State Commissions." I made changes in form, arrangement or wording in these rules only when such changes seemed to result in more adequate expression of our local requirements.

While I have given my personal attention to getting the service rules into shape and determining the scope and general desirability of adopting the safety rules, I have had Mr. Coffin, Assistant Engineer, carry on inspection of the plants, lines and equipment of the various power companies with a view of determining wherein the safety code would be of direct advantage in the operation of these facilities. He was also instructed to take note of service conditions in various communities so that we would be in a better position to judge as to the merits of various requirements proposed in the service rules.

In this work inspections have been made of 60 power stations, 67 sub-stations, 331 miles of transmission lines and 72 complete distribution systems. These inspections conclusively demonstrate the desirability of first adopting a code and then carrying on systematic inspections to see that its provisions are complied with. Many of the electrical facilities still in use in this State were conceived without giving any attention to the engineering considerations involved. Often times the actual construction work was carried out by amateur electricians, "practical men," who had no real understanding of the proper methods for handling electrical energy. While much has already been done to rectify the dangerous conditions of the older lines and equipment, there remains a great deal yet to do. To prevent a recurrence of this condition uniform rules should be adopted.

In the power stations we have found fire extinguishers of a type which would cause the electrocution of the operator who should happen to turn the stream from it onto a fire around lines or equipment carrying dangerous voltages; also incomplete first aid equipment; operating men not properly instructed in correct operating practices nor in methods of first aid or resuscitation from electrical shock; space around live transformers used as a storeroom; parts carrying dangerous voltages not properly insulated or not so isolated as to be inaccessible except to quali-

fied persons; unsatisfactory construction and arrangement of live parts.

Many points on the transmission and distribution lines were noted where circuits of different voltages were not separated sufficiently to allow for safe operation. Lines carrying deadly voltages swinging in close proximity to domestic service wires were an all too frequent occurrence. Instances are numerous where telephone or telegraph and power lines had been or are being built through the same territory, each without proper regard for the existence of the other. The result is improper clearances between the lines of these two classes of utilities causing poor service as well as dangerous conditions producing a life hazard for the users of these facilities.

The safety code which I have been studying is designed to remedy the conditions shown to exist in this State. In the last 19 months there have been 24 electrical fatalities in Maine. Of this number 17 or 71% involved some violation of the provisions contained in the National Electrical Safety Code.

I have gone quite minutely into the work done in considering the safety code and the preparation of service rules. My recommendations to the Commission relative to these matters were practically ready for submission at the close of this period June 30th, 1922, but as they were not in the hands of the Commission, and there remains much to do before the final adoption or rejection of these proposals, the remainder of the work will have to be covered in the report for the next fiscal period.

The electrical inspections have accomplished some positive results aside from demonstrating the practicability and necessity for promulgating the safety code in this State. The entire distribution system in the town of Fryeburg involving over four miles of pole line, was rebuilt as a direct result of our inspection work. In Brownfield a very bad conflict involving four telephone interests and a power company was cleaned up by the construction of a joint line. After the investigation of an accident at Kennebunk Beach a telephone line in that place was re-routed in order to eliminate a crossing over a 2300 volt circuit. A case of inadequate clearances between a 33,000 volt circuit and certain low tension wires in West Enfield was remedied. In addition to this case conditions of a similar nature have been remedied in 11 towns throughout the State. Service inspections and voltage surveys have been made in 10 towns.

RESUME

In this report covering 18 months I have shown that the engineering department has reported on 77 cases; done such routine work relative to bridges as came to our attention; prepared and submitted service rules for gas companies; inspected a large part of the electrical facilities operating in this State; and carried on investigations relative to the preparation of rules of service for electrical companies and the adoption of a safety code which should specify the safe methods of construction, operation, and maintenance of electrical power and signal equipment.

I have recommended the employment of two additional men, one a bridge engineer to carry on the bridge work in an efficient manner, the other a water works engineer who could give his principal attention to service matters relating to domestic water supply. I have also recommended that the Commission inaugurate a policy for evaluating all utility property without waiting for some particular case to make such a valuation necessary. I realize that my recommendations are entirely out of line with the present demands for economy and retrenchment in State Departments, but I feel that we have already done our full share in that direction. I call these things to your attention so that you may have the opportunity to weigh the advantages to be derived from following my recommendations against the cost of such a plan. Whatever disposition is finally made of my proposals you may rest assured that so long as I shall continue in the service of the Commission I will endeavor to cover as much of the work outlined as is possible with the resources made available to the engineering department.

Respectfully submitted,

WILLIAM M. BLACK,

Chief Engineer.

July 1, 1922.

REPORT OF THE CHIEF ACCOUNTANT FOR THE YEAR ENDING DECEMBER 31, 1921.

Public Utilities Commission, Augusta, Maine:

GENTLEMEN:—The Accounting Staff during the past year and one-half consisted of the Chief Accountant and one assistant as has been the case in this department from date of its inception. During this eighteen months period this division has checked the annual reports for the two calendar years 1920 and 1921 of the approximately 500 utilities reporting to this Commission, the necessary corrections in these reports being referred to the utilities either by correspondence or through personal visitation. These reports are now in the files ready for the inspection of the public. There are numerous small utilities in our State coming under the jurisdiction of this Commission which need constant help and advice from this department in regard to their records. Our work in this direction has resulted in a vast improvement in the character of the reports from many of the smaller companies.

The Commission's file of annual reports is consulted extensively by various bond houses in the State and others who are interested in and engaged in public utility operation.

No returns have ever been required from the non-operating railroad companies whose property is leased to, and operated by, other companies. Thus, among other items, there is no record in the files of the Commission of the property investment of these lines, the reports of the operating roads simply showing property owned. As the property investment of such leased lines totals several millions of dollars I would recommend an annual report from these companies be requested, beginning with the calendar year 1922.

During the period covered by this report there have been authorized by the Commission securities, including long term notes, of a total par value of \$22,227,516.22 distributed between the various utilities as follows:

	Stock	Bonds	Notes
Electric	\$1,114,275 00	\$4,546,615 00	\$63,500 00
Gas	50,000 00		500,000 00
Water	264,000 00	3,277,500 00	100,000 00
Telephone	107,175 00	2,908,251 22	
Steam Railr'd..		9,279,000 00	
Steamboat	17,200 00		
	<hr/>	<hr/>	<hr/>
	\$1,552,650 00	\$20,011,366 22	\$663,500 00

It should be stated the \$9,079,000 bonds, issued by the Boston and Maine Railroad for property expenditures and refunding purposes, does not apply expressly to the portion of the system operated in the State of Maine. Of the securities issued, 9,593,-641.22 represents application for capital expenditures, divided \$8,372,241.22 for additions and betterments to property and \$1,221,400 for purchase of properties already operating. With the exception of \$1,030,000, bonds issued by the Boston & Maine Railroad covering balance of expenditures by the United States Government during government control, records were checked in detail in the usual manner in order to ascertain if expenditures were in accord with the requirements of the Commission's Classification, especial attention being given to retirements of property.

The foregoing includes an examination of the New England Telephone and Telegraph Company's records of additions and betterments to property within the State of Maine relating to an application for a bond issue of \$2,779,751.22 covering the same. Other investigations were made covering property expenditures, the securities for which had not been authorized at June 30th.

There was drafted and put into effect for the year 1921 a new form of report blank for the use of the very small telephone companies who found difficulty in meeting the requirements in the regular form prescribed. This new form carries a modified form of financial statement which should render filing of returns a simpler matter for those conducting the affairs of these small companies who are unaccustomed to accounting.

A great deal of thought and study has been given to the matter of the revision of the classifications pertaining to accounting for electric, gas and water utilities.

For various reasons it did not seem expedient to adopt the Uniform Classification of Accounts recently prepared for electric and gas companies by the National Association of Railway and Utilities Commissioners. While these classifications were an improvement in some respects over the ones now in effect, it was felt they were not such as could be recommended for general adoption for all classes of these utilities in this State.

Your accountant has been working for a period of several months on a draft of a classification for electric and gas companies, also a report blank to support the new classifications. The intention is to provide a report blank that shall among other features give a more detailed financial history of the utility in place of the meagre information now available in our present form, and further, eliminating in many instances more or less correspondence required to get at the necessary detail. It is proposed to complete this work the latter part of this year in order that the classifications may be ready for distribution at the beginning of 1923.

Respectfully submitted,

ALBERT E. LAMB,

Chief Accountant.

REPORT OF THE CHIEF INSPECTOR FOR THE
YEAR ENDING DECEMBER 31, 1921.

*To the Public Utilities Commission, Hon. Charles E. Guernsey,
Chairman, Augusta, Maine:*

GENTLEMEN:—I herewith submit a report of the inspection of steam and electric railroads of Maine.

In addition to the inspection of railroads, an inspection has been made of the condition of stations, yard guard rails and passenger car equipment in the State. Reports of these inspections are on file in the office; also the preliminary investigations made on all fatal accidents. Many complaints were investigated and adjusted by this department, reports of which are on file, thus obviating the necessity of public hearings by the Commission.

Respectfully submitted,

ELMER E. PARKMAN,

Chief Inspector.

BANGOR & AROOSTOOK RAILROAD CO.

The roadbed, track and drainage have been maintained in good condition. There are sections of the right of way which have not all been cleared of grass, weeds, bushes and old worthless ties. The fences have been generally well maintained.

The buildings generally are in good condition.

The rolling equipment has in general been maintained in good condition.

During the year the following improvements have been made: 1,213 tons of new 85-80-70-56-lb. steel rails have been laid in main line track; 1,042 tons of old relaid 85-80-70-lb. steel rails have been laid in main line track; 115 tons of old relaid 85-70-56-lb. steel rails laid on sidings; 191 tons of old relaid 70-56-lb. steel rails used in siding extension. In track maintenance there have been used 41,700 new flat-bottom tie-plates, 224,506 new cedar cross-ties used, 172,299 feet hard pine bridge ties, 548,199 feet hard pine and cedar switch ties used; 48½ miles of track with 86,787 cubic yards of gravel and cinder ballast have been used; 145 wooden culverts replaced with cast iron pipe and concrete; 219 feet of side track taken up; 10,382 feet new side track built; 1,349 feet new wire and 223 feet new board fence built; 2 stations destroyed by fire and 1 rebuilt; 3 sets of station buildings painted outside and 19 sets of station buildings painted inside; 5 automatic grade crossing signals installed at Oldtown, Dover, Easton, State Road and Brannens stations; 1 combination baggage and express car, 30 Roger ballast and 200 new box cars bought; 477 box and 23 flat cars rebuilt; 57 passenger, 23 caboose and 573 freight cars have been painted or varnished; 6 new engines bought, 1 engine rebuilt, 1 industrial wrecking crane bought; 8 freight cars equipped with metal draft arms, 6 passenger cars equipped with tandem spring draft gears. Number of bad order freight cars on hand December 31, 1921, 1,005. Number of freight cars short December 31, 1921, 988.

BOSTON & MAINE RAILROAD.

The roadbed, track and drainage have been maintained in good condition. The right of way has been cleared of grass, weeds and bushes. The fences have been well maintained.

The buildings and rolling equipment have been maintained in good condition.

During the year the following improvements have been made: 336 tons of new 85-lb. steel rails have been laid in track, also 547 tons of old 85-75-72-67 and 60-lb. relaid rails used; 23,196 new tie plates used; 1,186 new rail joints used. There have been used 50,745 cross-ties, 61,017 feet hard pine bridge ties, 63,713 feet hard pine and chestnut switch ties used; 1.60 miles cinder ballast used; 2 new bridges built; 115 yards concrete bridge masonry used; 159 feet side track taken up; 1 automatic highway crossing signal installed; 3 new snow-plows and 50 new caboose cars bought; 748 freight cars rebuilt; 852 passenger, 214 caboose, 2,740 freight and 51 work cars painted or varnished; 25 superheaters, 3 soot blowers installed on engines; 39 steel underframes installed on passenger cars; 1,803 box cars equipped with X. L. A. roofs; 1,273 box cars equipped with mogul ends; 405 box cars, 211 coal cars, 10 caboose cars equipped with steel center sills. Number of bad order freight cars on hand December 31, 1921, 5,896.

CANADIAN PACIFIC RAILWAY CO.

The road-bed, track and drainage have been maintained in good condition. The right of way has been cleared of grass, weeds and bushes.

The buildings and rolling equipment have been maintained in good condition.

During the year the following improvements in Maine have been made: 257 tons of new 85-lb. rails have been laid in track, also 683 tons old 85-80 and 60-lb. relaid rails used in track; 617 pairs new rail joints used; 46,284 new cross-ties used, 135,283 feet switch ties used; 30.50 miles gravel ballast used; 2 circular reinforced 30-inch concrete pipe culverts built; 15,991 feet side track taken up and 688 feet new side track built; 2,640 feet new wire fence built; 17 miles block signals installed Onawa to Greenville Junction Stations on Moosehead Subdivision.

GRAND TRUNK RAILWAY SYSTEM.

The road-bed, track and drainage have been maintained in good condition. The right of way has been cleared of grass, weeds and bushes.

The buildings and rolling equipment have been maintained in good condition; 2,576 tons new 100-lb. steel rails have been laid in track, also 438 tons old 80-65 and 56-lb. relaid rails used; 55,450 new tie-plates, 5,383 new rail joints used.

There have been used 42,974 cross-ties, 6,300 feet bridge ties, 32,350 feet (10 sets) switch ties; $1\frac{1}{4}$ miles gravel ballast used; 7 new concrete pipe culverts built; 215 feet side track built; 150-ton track scale built at Portland; new steamship shed No. 5 and extension of fire emergency pipe built at Portland; new lavatories and new dope reclaiming plant built at Deering Station. Automatic block signals installed from Oxford to Danville Junction Station; 1 new highway wig-wag signal installed at Bates Station Crossing; 15.89 miles new 100-lb. steel rails replacing 80-lb. rail Bryant's Pond to Oxford Station; new 100-lb. switches installed as follows: 1 at Lockes Mills, 4 at Bates, 2 at South Paris Pit, 6 at South Paris Station; new siding built for Forest Paper Company, Yarmouth Station.

KNOX RAILROAD COMPANY.

(Formerly Georges Valley Railroad.)

The road-bed, track and drainage are in fair condition except that a lot of ballast is needed.

The buildings and rolling equipment have been maintained in fair condition.

During the year the following improvements have been made: 1,122 new tie-plates used; 100 new cedar cross ties; $1\frac{3}{4}$ miles lime rock chips used for ballast; 2 steel and 1 wooden culverts built; 300 feet side track taken up; 1 second-hand Eastman Heater car bought to be used as a way-freight car; 1 engine rebuilt.

LIME ROCK RAILROAD CO.

The road-bed, track and drainage have been maintained in good condition; engine and cars in good condition.

During the past year there have been 4 tons of new 80-lb. rails laid in track; 1,822 cross-ties, 18,782 feet bridge ties, 9,306 feet switch ties used; 950 feet (336 cubic yards) crushed stone ballast used in track maintenance; 492 dump cars rebuilt and painted.

MAINE CENTRAL RAILROAD CO.

The road-bed, track and drainage have been maintained in good condition. The right of way has been cleared of grass, weeds and bushes; the fences are in apparent good condition.

The buildings and rolling equipment have been maintained in good condition.

During the year the following improvements have been made: 6,269 tons of new 85 and 80-lb. rails have been laid in track; 3,657 tons of old relaid 85-80-75-70-67-60 and 56-lb. rails have been relaid in track; 524,788 new tie-plates have been used; 16,999 new rail joints used in track.

There have been used 442,104 cross-ties, 162,351 feet of bridge ties, 788,530 feet of switch ties. About 43 miles of track with 76,368 cubic yards of gravel and cinder ballast have been used; 3 new bridges, total length 869.7 feet, built; 2,880 cubic yards concrete have been used in bridge masonry; 3 new culverts have been built; 1,625 feet main line track built, and 19,806 feet side track taken up; 129,242 feet new woven wire fence and 1,930 feet board fence built; Enfield Station rebuilt; new office and storeroom, new wrecking crane building at Bangor built to replace those destroyed by fire; also changing first section engine house into shop and old shop into storehouse for motive power department; rearrangement of car shop and office building, freight yard, and construction of storehouse 12 by 100 feet long at Bangor; a pump house at Tomah Station installed to replace one destroyed by fire; 3 sets of station buildings repainted.

Six automatic highway crossing signals have been installed at Hartford and Lincoln, two at Newport Junction, Hermon and East Sumner; new turntable and tractor installed at Rockland and Bingham; new air tractor for turntable at Oakland; Sebago Lake Wharf rebuilt; 42 wooden and stone culverts replaced with new concrete pipe; 550 feet of 8-inch coated Universal water pipe installed at Brunswick, in place of 6-inch common cast iron pipe; 289 miles copper line wire installed, in place of iron line wire.

At Waterville Engine House, 8 wooden pits removed and replaced by earth fill; 20 wooden pits replaced by concrete pits; replaced one double concrete ash pit by two single unit concrete

pits; removed 750 cubic yards of ledge for change in main line at Bangor; 1 culvert extended and 6 thoroughly repaired; 7 new baggage cars, 2 baggage and mail, 110 rack, 10 caboose and 2 snow-plows bought; 147 box cars rebuilt; 216 passenger, 1,770 freight and 116 other cars painted and varnished; 2 engines rebuilt; 28 cars equipped with steel center sills.

Number bad order freight cars on hand December 31, 1921, 1,622.

PORTLAND TERMINAL COMPANY.

The road-bed, track and drainage have been maintained in good condition. The right of way is cleared of grass, weeds and bushes.

The buildings and rolling equipment have been maintained in good condition.

During the year the following improvements have been made: 548 tons new 85-lb. rails, 911 tons old relaid 85 and 75-lb. rails have been laid in track; 22,568 new tie-plates, 1,201 new rail joints have been used.

There have been used 56,572 cross-ties, 110,134 feet bridge ties and 147,045 feet switch ties in track; 2,940 feet (1,240 cubic yards) gravel and cinder ballast used; 1 new bridge, 31 feet long, built; 24 cubic yards concrete bridge masonry used; 31 feet new side track built; 769 new woven wire fence built; new office building 8 by 15 feet; new platform wharf; extension signal building 12 by 12 feet; extension to sawdust shed, 25 by 40 feet, built at Portland; one 24-inch cast iron pipe culvert extended 12 feet; 1 concrete foundation for air compressor installed at South Portland shops; 1 concrete foundation for punch and shears installed at Thompson's Point shops; air tractor turntable installed at Deering Junction Station; 1,600 feet 6-inch under-draining tile pipe installed on the Mountain Division; 41.84 miles copper line wire installed in place of iron line wire; 2 rubbish, 1 snow-plow, 1 Ford truck bought; 1 engine rebuilt.

YORK HARBOR & BEACH RAILROAD.

The road-bed, track and drainage have been maintained in fair condition. The right of way has not been cleared of grass.

weeds and bushes. The buildings have been maintained in fair condition.

The company owns no rolling equipment, using that of the Boston & Maine Railroad.

During the year, 652 new tie-plates and 2 new rail joints used; 3,080 new cross-ties, 76 feet new switch ties used in track maintenance.

NARROW GAUGE RAILROADS.

BRIDGTON & SACO RIVER RAILROAD CO.

The road-bed, track and drainage have been maintained in fair condition, including rolling stock and buildings.

During the year, 48 new rail joints, 6,036 new cedar cross-ties, 978 feet hard pine switch ties used; 1,832 feet new wire and board fence built; 4 coaches, 2 baggage, 1 combination, 10 box and 5 flat cars painted and varnished; 2 locomotives equipped with driver brakes.

KENNEBEC CENTRAL RAILROAD CO.

The road-bed, track and drainage have been maintained in fair condition.

The buildings and rolling equipment have been maintained in good condition.

During the year, 30 pairs new rail joints, 3,000 new cross-ties 700 feet bridge ties and 1,800 feet bridge stringers used; 4,500 feet (420 cubic yards) cinder ballast used; 4 new bridges (75 feet long) built; 1 wooden culvert built; 1 coach painted and varnished; 1 engine overhauled.

MONSON RAILROAD COMPANY.

The road-bed, track and drainage are in fair condition. The bushes have been cleared. The buildings and rolling equipment are in fair condition.

During the year, 1,200 new cross-ties used in main track, bridges and switches; 2 small bridges covered with steel stringers and earth.

SANDY RIVER & RANGELEY LAKES RAILROAD.

The road-bed, track and drainage are in fair condition. A large number of low and battered rail joints in track; the right of way has been cleared of grass, weeds and bushes, and the fences are in fair condition.

The buildings and rolling equipment have been maintained in fair condition.

During the year, 92 tons old 56-52 and 35-lb. rails relaid in track; 40,607 new cedar cross ties, 10,980 feet bridge ties, 30,798 feet switch ties used; $4\frac{1}{2}$ miles (3,681 cubic yards) gravel and cinder ballast used; 1 new bridge, $28\frac{1}{2}$ feet long, built; 76 feet siding taken up; 5,883 feet new woven wire fence built; 1 section dwelling at Dyers Tank extended; 1 set station buildings painted; one 45-foot steel turntable at Phillips Station rebuilt; one 60-foot second-hand steel turntable installed at Strong Station, and one turntable at Kingfield Station has been rebuilt with steel girders; 46 cars painted and varnished.

Number of bad order freight cars on hand December 31, 1921, 13.

WISCASSET, WATERVILLE & FARMINGTON RAILWAY COMPANY.

The road-bed, track and drainage are in fair condition. The right of way has been cleared of grass, weeds and bushes.

The buildings and rolling equipment have been maintained in fair condition.

During the year, 15,210 new cross-ties, 14,896 feet bridge ties and 150 feet switch ties used; several wooden culverts repaired; 160 rods new fence built; office building, car shop, coal shed, engine house and section buildings at Wiscasset painted; 1 passenger, 1 combination passenger and baggage car and 1 baggage car painted and varnished; installed electric headlights on all engines; also light the passenger cars on trains No. 8 and No. 11 by power from the engine; repaired piling track and used 103 new piles, 2 new hard pine track stringers, size 6 by 12; new guard rail installed; new caps installed on trestle at Wiscasset for a distance of 1,008 feet; made all ties good from shops to wharf; changed over engine house at Albion Station and reshingled several passenger stations, etc.

Table of Cross tie renewals on Steam Railroads showing total ties used, average number and per cent per mile, based on an average of 10 year renewal. Ties laid 20 inch centers 3,168 per mile, average yearly depreciation of 317 ties per mile or 10 per cent.

Per cent column in table should be compared with 10 per cent, the average yearly depreciation. Mileage column is the total mileage of Main Line and Sidings.

NAME OF ROAD.	Year.	Miles of track.	Total ties used.	Average ties used per mile.	Per cent.
Bangor & Aroostook Railroad.....	1915	861.75	161,149	187.00	5.90
	1916	869.64	142,344	163.63	5.17
	1917	874.03	77,758	88.97	2.81
	1918	879.66	84,610	96.18	3.04
	1919	880.03	172,268	195.75	6.18
	1920	882.33	210,560	238.63	7.53
	1921	882.50	220,437	249.79	7.88
Boston & Maine Railroad.....	1915	216.43	2,393	11.05	0.348
	1916	216.37	67,920	313.91	9.909
	1917	202.90	3,643	17.95	0.566
	1918	203.36	46,630	229.29	7.237
	1919	209.36	36,286	173.32	5.470
	1920	207.45	45,227	218.01	6.881
	1921				
Canadian Pacific Railway.....	1915	218.42	45,580	209.68	6.587
	1916	221.76	46,809	211.03	6.662
	1917	223.65	50,425	225.46	7.116
	1918	225.43	31,842	141.25	4.458
	1919	226.93	46,700	205.79	6.496
	1920	227.29	57,016	250.85	7.92
	1921	225.36	46,284	205.33	6.48
Grand Trunk Railway.....	1915	141.10	39,491	279.88	8.834
	1916	141.10	41,351	293.06	9.247
	1917	141.10	41,351	293.06	9.247
	1918	141.62	34,594	244.27	7.710
	1919	143.13	63,154	476.16	15.030
	1920	143.14	64,896	453.37	14.311
	1921	144.88	42,974	296.62	9.362
Knox Railroad Company..... (Formerly Georges Valley R. R.) ..	1915	9	698	76.44	2.413
	1916	9	few		
	1917	9	850	94.44	2.983
	1918	9	1,000	111.11	3.509
	1919	9	11,171	1,241.22	39.204
	1920	9.58	9,462	987.63	31.176
	1921	9.5	100	10.53	.330
Lime Rock Railroad.....	1915	11.3	1,206	106.72	3.37
	1916	"	2,679	237.08	7.48
	1917	"	1,726	152.74	4.82
	1918	"	1,113	98.49	3.11
	1919	"	1,503	133.01	4.20
	1920	"	4,060	359.29	11.34
	1921				
Maine Central Railroad.....	1915	1,407.49	331,786	235.73	7.44
	1916	1,406.05	300,432	213.67	6.74
	1917	1,410.43	341,306	241.77	7.63
	1918	1,422.38	261,022	183.51	5.79
	1919	1,423.88	343,605	241.32	7.62
	1920	1,422.00	301,830	212.26	6.70
	1921	1,444.16	442,104	306.13	9.66

NAME OF ROAD	Year.	Miles of track.	Total ties used	Average ties used per mile.	Per cent.
Portland Terminal Co.	1915	117.37	36,978	315.05	9.94
	1916	116.89	22,049	188.63	5.95
	1917	116.87	15,996	136.86	4.32
	1918	120.30	21,150	175.81	5.55
	1919	124.52	36,060	289.59	9.14
	1920	124.64	19,204	154.07	4.86
	1921	129.35	56,572	440.76	13.91
York Harbor & Beach Railroad	1915	12.8	3,992	311.87	9.84
	1916	12.8	1,703	133.04	4.20
	1917	12.8	none		
	1918	12.8	1,055	82.42	2.60
	1919	12.8	508	39.68	1.25
	1920	12.8	1,524	119.06	3.758
Bridgton & Saco River Railroad....	1915	24.26	6,361	262.20	8.276
	1916	24.19	5,844	241.58	7.626
	1917	24.21	363	14.99	0.473
	1918	24.32	4,503	185.16	5.844
	1919	24.32	3,827	157.36	4.966
	1920	24.32	6,488	266.77	8.42
	1921	24.32	6,036	248.19	7.834
Kennebec Central R. R.	1915	5.74	none		
	1916	5.74	none		
	1917	5.74	1,275	222.12	7.015
	1918	5.74	486	84.67	2.672
	1919	5.74	1,400	243.90	7.698
	1920	5.74	200	34.84	1.1
	1921	5.74	3,000	522.65	16.53
Monson Railroad	1915	8.16	1,600	196.08	6.19
	1916	8.16	1,800	220.59	6.96
	1917	8.16	1,800	220.59	6.96
	1918	8.16	1,600	183.82	5.80
	1919	8.16	1,800	220.59	6.96
	1920	8.16	1,500	183.82	5.80
	1921	8.16	1,200	147.06	4.64
Sandy River & Rangeley Lakes Railroad.....	1915	117.44	40,297	343.13	10.83
	1916	115.32	22,056	191.26	6.04
	1917	112.56	31,963	284.01	8.96
	1918	117.88	10,887	92.36	2.92
	1919	116.30	28,529	245.29	7.74
	1920	116.45	34,499	296.26	9.35
	1921	118.06	40,607	343.95	10.857
Wiscasset..... Waterville & Farmington Railroad	1915	56.65	21,135	373.08	11.78
	1916	45.75	6,195	135.41	4.27
	1917	45.75	8,359	182.71	5.77
	1918	"			
	1919	"	3,748	81.92	2.59
	1920	"	3,552	78.29	2.47
	1921	"	15,210	332.46	10.49

ANDROSCOGGIN ELECTRIC COMPANY.

The road-bed, track, drainage and overhead construction have been maintained in excellent condition. The right of way is clear of grass, weeds and bushes.

The buildings and rolling equipment are in good condition.

During the year ending December 31, 1921, the following improvements have been made:

Five hundred new Goldie tie-plates, 3,196 new cross-ties used, $3\frac{1}{4}$ miles (6,000 cubic yards) gravel ballast used; 1 concrete and 1 wooden culvert built; 500 feet new woven wire fence built; 6 sets of station buildings repainted; 1 automatic crossing signal installed at Gray Station; 3,000 feet crossing planking installed; overhead construction whole length of line repaired; poles and wires put in alignment; 1 concrete bridge repaired; installed 6 more lightning arresters on line; 1 passenger car and snow-plow bought; 5 passenger cars, 1 combination work and snow-plow painted and varnished.

THE ANDROSCOGGIN & KENNEBEC RAILWAY COMPANY.

The road-bed, track, drainage and overhead construction have been maintained in good condition, and a large number of cross-tie renewals have also been made this year. Rolling equipment is in good condition. The grass, weeds and bushes in the right of way have been cut.

During the year ending December 31, 1921, the following additions and betterments have been made; 3,000 new tie-plates used; 58,647 new cross-ties, 1,200 feet bridge ties, 2,800 feet switch ties used; $14\frac{1}{4}$ miles (24,048 cubic yards) gravel ballast used; 2 freight houses at Lewiston and 2 tenement houses at Bath painted; 2 Chapman automatic block signals installed at Freeport and Bath; 3 diamond frogs installed at Brunswick; 2 cattle-passes on Waterville line and one on Winthrop line have been replaced with concrete walls; the Canal bridge on Cedar Street, Lewiston, has been replaced by a new structure and the bridges over the Androscoggin River on Main and Broad Streets have been repaired and a proportionate part of the expense has been borne by the railway company; 3 one-man safety cars, 1 line construction, 1 gravel motor flat and 1 Share snow-plow bought; 3 one-man safety cars and 1 double truck closed car rebuilt; 50 passenger cars have been painted and varnished; scrapped 5 sets of Taylor and renewed with new Brill trucks; 8 miles new trolley wire installed; 342 feet of track has been paved with bituminous macadam, and 220 feet of track has been repaved with grouted granited blocks on a concrete base, in the city of Auburn, and 1,194 feet of track has been repaved with bituminous macadam and 260 feet of track has been repaved with water bound macadam, in the city of Bath; one 500 K. W. Rotary

Converter installed at Lewiston; 1 automatic substation apparatus installed; a new carpenter shop and paint shop were built into Lewiston car barn; 4 oil tanks and 1 gasoline tank installed at Lewiston shop and storeroom.

AROOSTOOK VALLEY RAILROAD CO.

The road-bed, track, drainage and overhead construction in general have been maintained in good condition. The right of way has not all been cleared of grass, weeds and bushes. Rolling equipment is in fair condition.

During the year ending December 31, 1921, 13 tons of 70-lb. rails relaid in track; 8,790 new cross-ties, 15,065 feet bridge ties and 9,098 feet switch ties were used for renewals; 5 steel pipe and 1 open hard pine culverts built; 60 feet new siding track built; 2,040 feet new wire fence built; 2 passenger and 2 freight cars painted and varnished; 1 snow spreader bought; 46 pieces hemlock timber used in Washburn trestle; 21 new piles put under Adaline trestle; 4 stringers put in trestle on Sweden line; 2 stringers put in trestle on Margison; 1 stringer put in trestle at Presque Isle; 1 stringer put in trestle at Jacobs.

ATLANTIC SHORE RAILWAY.

The road-bed, track, drainage and overhead construction in general have been maintained in good condition. The right of way has not all been cleared of grass, weeds and bushes; the rolling equipment in general has been well maintained.

During the year ending December 31, 1921, 16,240 new cross-ties used for renewals; 1 express car rebuilt; 3 passenger and 1 express car painted and varnished.

BANGOR RAILWAY & ELECTRIC COMPANY.

The road-bed, track, drainage and overhead construction have been maintained in good condition. The rolling equipment has been maintained in good condition.

During the year ending December 31, 1921, the following improvements have been made: 28½ tons of new 134-lb. girder and 2½ tons of new 75-lb. tee rails laid; 180 new rail joints used; 27,642 new cross-ties used in track, 255 new switch ties

used; 10½ miles (9,914 cubic yards) gravel ballast used; 6 wooden and 1 concrete culvert built; 1 set station buildings painted; 3 semi-convertible double truck cars changed over to safety type, permitting one-man operation; 31 passenger, 5 freight and 5 miscellaneous cars painted and varnished.

BENTON & FAIRFIELD RAILWAY CO.

The road-bed, track, drainage and overhead construction in general have been maintained in fair condition. The right of way is clear of bushes. The rolling equipment is in fair condition.

During the year ending December 31, 1921, 500 new cross-ties used; very little maintenance work done.

Number of bad order freight cars on hand December 31, 1921, 2.

BIDDEFORD & SACO RAILROAD CO.

The road-bed, track and overhead construction in general have been maintained in good condition, as well as the rolling equipment. The right of way is clear of bushes. The rolling equipment is in fair condition.

During the year ending December 31, 1921, 20 tons of new 60-lb. rails have been laid; 30 new Weber rail joints used; 800 new cross-ties used; 5,000 feet (120 cubic yards) gravel ballast used; 500 feet main line track rebuilt; front end of car barn repainted; 3 drain pockets installed in Biddeford, and 2-3 of a mile ditched beside main line track; 8 one-man cars touched up and varnished.

CALAIS STREET RAILWAY.

The road-bed, track, drainage and overhead construction in general have been maintained in fair condition, including rolling equipment.

During the year ending December 31, 1921, 300 new tie-plates and 300 new rail joints used; 1,000 new cross ties used for renewals; 5,000 feet (160 cubic yards) gravel and cinder ballast used; 8 open and closed passenger cars painted and varnished; 1 new snow-plow bought.

CUMBERLAND COUNTY POWER & LIGHT COMPANY, LESSEE
OF PORTLAND RAILROAD COMPANY

The road-bed, track, drainage and overhead construction have been maintained in good condition, as well as the rolling equipment.

During the year ending December 31, 1921, the following improvements have been made: 102 tons new 100-lb. and 80-lb. rails laid; 102 tons 70-lb. and 60-lb. old rails relaid; 500 new tie-plates, 759 new rail joints used; 20,408 new cross-ties used in track; 5,200 feet bridge ties, 2,880 feet new switch ties used; 813 feet main line track and 4,604 feet siding track taken up; 227 feet new main line track built; 3 brick car barns and 1 frame storehouse painted; double branch-off of 100-lb. T rail replacing 9-inch grooved girder rail curve at Washington Avenue and Congress Street; single branch-off with crossing of 100-lb. T rail replacing 9-inch grooved rail curve at Congress and Temple Streets; single branch-off 100-lb. T rail replacing 9-inch grooved girder rail, single to double curve with crossing at Preble and Congress Streets; single Y connection with crossing of 100-lb. T rail replacing like curve of 9-inch grooved girder rail at Forest Avenue and Congress Street; double Y connection with single cross connection and lateral turnout end of 100-lb. T replacing left-hand double, and right-hand single Y connection with single cross connection of 9-inch grooved girder rail at Congress and St. John Streets; branch-off switch, mate, frog, and leads of 80-lb. T rail replacing like work of 9-inch girder rail at Cash's Corner; turnout end of 80-lb. T rail replacing turnout end of 60-lb. T rail at Mt. View turnout; two turnout ends of 80-lb. rail replacing turnout ends of 60-lb. rail on Allen Avenue; all of the above renewals, with the exception of the last three, were paved with cement grouted split granite block pavement, laid upon a concrete base four inches thick; 1 Universal rotary rail grinder purchased; 1 stone crusher bought; the steel work in the two bridges over the Portland Terminal Company's tracks on Danforth Street has been replaced with heavier steel and all has been painted; new bridge ties and new planking have been installed; 1 double truck crane car bought; 3 sand, 1 double truck line car, 1 double truck snow plow rebuilt; 36 closed passenger, 12 open passenger cars, 18 one-man, 13 service cars painted and varnished; 24 G. E.-80 motors (40 H. P.), 15

G. E.-C. P. 27 (16 cubic feet) air compressors installed on cars; 6 spare armatures bought; 2 G. E.-203 P. motors (50 H. P.) bought; 2-8000 lb. Yale-Towne hoists installed in shops; 1-10 H. P. motor, A. C., installed in blacksmith shop; 78 obsolete cars have been disposed of; 16 of same have been scrapped.

FAIRFIELD & SHAWMUT RAILWAY COMPANY.

The road-bed, track, drainage and overhead construction in general have been maintained in fair condition, including rolling equipment.

During the year, 600 new cross-ties used; 400 feet (30 cubic yards) gravel ballast used; 2 galvanized iron culverts built.

CENTRAL MAINE POWER COMPANY.

FORMERLY KNOX COUNTY ELECTRIC COMPANY.

The road-bed, track, drainage and overhead construction in general have been maintained in fair condition, including rolling equipment.

During the year ending December 31, 1921, 21 tons new 70-lb. rails and 1¼ tons of old 54-lb. rails relaid in track; 36 new tie-plates, 103 new rail joints used; 2,141 new cross-ties, 2,785 feet new bridge ties, 928 feet new switch ties used in track; 7,675 feet (770 cubic yards) gravel ballast used; 1 steel bridge, 209 feet long, built; 368 cubic yards cement masonry used; 50 feet new wooden fence built; 1 small waiting station built; new oak piling driven on both ends of two trestle bridges on the Warren line, and new filling put in on the ends; 6 closed passenger cars painted and varnished.

Number of bad order freight cars on hand December 31, 1921, 1 being repaired.

PORTSMOUTH, DOVER & YORK STREET RAILWAY.

The road-bed, track, drainage and overhead construction have been maintained in fair condition, including rolling equipment. The bushes on right of way have not all been cut.

During the year, 2½ tons of new 85-lb., 7 tons of old 65-lb. rails relaid in track; 55 pairs new rail joints used; 10,000 new cross-ties, 250 feet new bridge ties, 600 feet new switch ties used

in track; 2,000 feet (1,200 cubic yards) gravel ballast used; 2 concrete culverts built; 4 closed and 6 open passenger cars painted and varnished; thoroughly overhauled passenger boat "Alice Howard;" extensive repairs to Ferry Landings; 1,200 feet submarine cable installed between Rockingham county Light & Power Company, Portsmouth, and Badgers Island in Kittery.

SOMERSET TRACTION COMPANY.

The road-bed, track, drainage and overhead construction have been maintained in fair condition, including rolling equipment. The bushes on private right of way have been cut.

During the year, 100 new rail joints and tie-plates used; 3,152 new cross-ties, 3,000 feet new switch ties used in track; 2,000 feet (300 cubic yards) coarse gravel ballast used; 1 brick sub-station for auxiliary power installed at car barn; front end of car barn repainted; 10 cars painted and varnished.

TURNER RAILROAD.

The road-bed, track, drainage and overhead construction have been maintained in fair condition, including rolling equipment. The grass, weeds and bushes on private right of way have not all been cut.

During the year, 1,700 new cross-ties used in track; 1,000 cubic yards of gravel ballast used; 1 passenger car painted and varnished.

WATERVILLE, FAIRFIELD & OAKLAND RAILWAY.

The road-bed, track, drainage and overhead construction, including rolling equipment, have been maintained in fair condition. The grass, weeds and bushes on private right of way have not all been cut.

During the year ending December 31, 1921, 2 tons new 70-lb. rails used; 12 new Weber rail joints used; 2,000 new cross-ties used; 3,000 feet (1,000 cubic yards) gravel ballast used; 1 mile of track where rail joints are built up with electric arc welder; 100 rail bonds renewed; 10 closed and 4 open passenger cars painted and varnished.

Table of Cross tie renewals on Electric Railways showing total ties used, average number and per cent per mile of track, based on an average of 12 year renewals. Ties laid 24 inch centers 2,640 per mile, average yearly depreciation of 220 ties per mile or 8.33 per cent. Per cent column in table should be compared with 8.33 per cent the average yearly depreciation. Mileage column is the total mileage of main line and sidings.

NAME OF ROAD	Year.	Miles. of track.	Total ties used.	Average ties used per mile.	Per cent.
Androscoggin Electric Co.	1915	20.80	none		
	1916	20.80	none		
	1917	30.78	none		
	1918	30.78	606	19.70	0.75
	1919	30.78	5,523	147.04	5.57
	1920	30.79	2,761	89.76	3.397
	1921	30.45	3,196	104.96	3.98
Androscoggin & Kennebec Rail- way Co. (Formerly L. A. & W.)	1915	152.90	19,842	129.77	4.92
	1916	152.90	19,431	127.08	4.81
	1917	164.88	34,040	206.47	7.82
	1918	163.98	17,500	106.73	4.04
	1919	157.20	38,034	258.73	9.80
	1920	157.20	52,210	347.89	13.177
	1921	157.20	58,647	373.07	14.13
Aroostook Valley Railroad	1915	31.99	1,200	37.50	1.42
	1916	31.99	2,500	78.15	2.96
	1917	37.73	2,492	66.05	2.50
	1918	37.73	3,889	103.07	3.90
	1919	37.73	8,483	224.83	8.52
	1920	37.73	6,782	179.75	6.81
	1921	37.74	8,790	232.91	8.82
Atlantic Shore Railway	1915	90.40	29,000	320.79	1.15
	1916	90.40	21,000	232.30	28.80
	1917	95.15	13,481	141.68	5.37
	1918	51.53	1,993	38.68	4.47
	1919	51.55	11,000	213.39	8.08
	1920	51.55	9,162	177.73	6.73
	1921	51.93	16,240	312.72	11.85
Bangor Ry. & Electric Co.	1915	57.10	12,192	213.52	8.09
	1916	57.11	12,316	215.65	8.17
	1917	65.88	6,212	94.29	3.57
	1918	65.99	6,394	96.91	3.67
	1919	65.80	8,424	128.02	4.85
	1920	65.67	11,154	169.85	6.43
	1921	65.67	27,642	420.92	15.94
Benton & Fairfield Ry.	1915	4.12	none		
	1916	4.12	960	233.01	8.33
	1917	4.79	200	41.75	1.58
	1918	4.79	600	125.26	4.74
	1919	4.79	800	167.01	6.33
	1920	4.79	1,500	313.15	11.86
	1921	4.79	500	104.60	3.96
Biddeford & Saco R. R.	1915	7.61	2,800	367.94	13.94
	1916	7.61	1,600	210.25	7.96
	1917	8.28	700	84.54	3.20
	1918	8.28	600	72.46	2.74
	1919	8.28	600	72.40	2.74
	1920	8.26	1,200	145.27	5.50
	1921	8.29	800	96.50	3.67

NAME OF ROAD.	Year.	Miles of track.	Total ties used.	Average ties used per mile.	Per cent.
Calais Street Ry.....	1915	7.00	2,500	357.14	13.53
	1916	7.00	none		
	1917	7.00	600	85.71	3.25
	1918	7.00	257	41.00	1.55
	1919	7.00	1,000	142.96	5.41
	1920	4.00	769	192.25	7.28
	1921	4.00	1,000	250.00	9.47
Cumberland County Power & Light Co.....	1915	82.86	18,473	222.94	8.44
	1916	83.63	18,448	230.59	8.36
	1917	109.57	15,613	142.49	5.40
	1918	106.61	6,675	62.61	2.37
	1919	106.39	16,321	153.40	5.81
	1920	106.62	11,624	109.02	4.13
	1921	105.64	20,408	193.18	7.32
Fairfield & Shawmut Railway Co.,..	1915	3.10	none		
	1916	3.43	400	129.03	4.89
	1917	3.43	none		
	1918	3.43	none		
	1919	3.43	620	180.76	6.85
	1920	3.43	750	218.66	8.28
	1921	3.20	600	187.50	7.08
Central Maine Power Co.....	1915	23.92	2,800	117.05	4.43
	1916	23.92	2,000	83.61	3.17
	1917	23.92	2,500	104.52	3.95
	1918	23.92	1,100	45.99	1.74
	1919	23.92	4,000	167.22	6.33
	1920	23.92	6,203	259.32	9.82
	1921	23.92	2,066	86.37	3.27
Oxford Electric..... (formerly Paris Electric St. Ry) ..	1915	2.13	600	281.69	10.67
	1916	2.13	986	462.91	17.53
	1917	2.14	none		
	1918	2.14	none		
	1919	not op'ated			
	1920	not op'ated			
	1921	not op'ated			
Portsmouth Dover & York Street Ry.....	1915				
	1916				
	1917		1,000		
	1918	41.40	2,203	53.14	2.01
	1919	41.40	8,000	193.24	7.32
	1920	41.40	5,500	132.85	5.93
	1921	41.40	8,000	217.39	8.23
Somerset Traction Company.....	1915	12.20	2,000	163.93	6.21
	1916	12.20	2,500	204.92	7.76
	1917	12.68	2,318	182.81	6.92
	1918	12.68	2,800	220.82	8.36
	1919	12.68	1,800	141.95	5.37
	1920	12.68	3,632	286.43	10.85
	1921	12.68	3,152	248.58	9.42
Turner Railroad.....	1920	8.13	1,600	196.00	7.42
	1921	8.13	1,700	209.10	7.92
Waterville Fairfield & Oakland Street Ry.....	1915	10.24	none		
	1916	10.26	1,711	166.76	6.32
	1917	11.21	990	88.31	3.35
	1918	11.21	725	64.67	2.45
	1919	11.21	1,583	141.21	5.35
	1920	11.21	3,386	302.05	11.44
	1921	11.27	2,000	177.46	7.92

SUMMARY OF PROPERTY ACCIDENTS.

Cost of Material and Labor for Year Ending December 31, 1921, on Steam Railroads in Maine.

	Failure of Equipment.	Poor Track.	Carelessness.	Unknown.	Other Causes.	Total.
Bangor & Aroostook R. R.	\$15,750.62	\$19,909.55	\$16,797.44	.....	\$9,267.86	\$61,725.47
Boston & Maine R. R.	1,605.87	.....	320.00	.....	.....	1,925.87
Canadian Pacific Ry.	4,026.00	3,111.39	1,580.00	.....	1,059.00	9,776.39
Grand Trunk Ry.	2,985.21	.....	.....	.....	.....	2,985.21
Maine Central R. R.	23,264.15	12,599.95	30,366.30	\$12,583.27	1,906.64	80,720.31
Portland Terminal Co.,	1,383.05	368.15	4,289.62	.....	410.45	6,451.27
Totals.	\$49,014.90	\$35,989.04	\$53,353.36	\$12,583.27	\$12,043.95	\$163,584.52

ACCIDENTS.

*Accidents Upon Steam Railroads for the Year Ending
December 31, 1921.*

STEAM RAILROADS.	Passengers		Employees.		Other Persons.		Total.	
	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.
Bangor & Aroostook R. R.	-	-	4	26	3	9	7	35
Boston & Maine R. R.	-	-	2	5	-	2	3	7
Canadian Pacific Ry.	-	-	-	4	1	1	1	6
Grand Trunk Ry.	-	1	-	3	-	3	-	7
Maine Central R. R. Co.	-	2	-	44	9	19	9	65
Portland Terminal Co.	-	-	4	15	-	3	3	18
Totals.....	-	3	10	97	13	37	23	137

ACCIDENTS.

Accidents Upon Street Railways Ending December 31, 1921.

STREET RAILWAYS.	Passengers.		Employees.		Other Persons.		Total.	
	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.
Androscoggin & Kennebec Ry. Co.	-	4	-	1	3	8	3	13
Aroostook Valley R. R. Co. .	-	-	-	1	-	-	-	1
Bangor Railway & Electric Co.	1	20	1	2	1	4	3	26
Cumberland County Power & Lt. Co. (P.R.R.)	-	21	-	1	-	7	-	29
Totals.....	1	45	1	5	4	19	6	69

ACCIDENTS.

*Accidents on Electric Power Companies for the Year Ending
December 31, 1921.*

ELECTRIC POWER COMPANIES.	Employee.		Trespassers.		Other Persons.		Total.	
	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.
Rumford Falls Light & Water Co.....	1	-	-	-	-	-	1	-
Androscoggin Electric Co....	1	-	-	-	1	-	2	-
Ear Harbor & Union River Power Co.....	1	-	-	-	-	-	1	-
Central Maine Power Co.....	3	1	1	-	2	-	6	1
Livermore Falls Lt. & Power Co.....	1	-	-	-	-	-	1	-
Berwick & Salmon Falls Electric Co.....	2	-	-	-	-	-	2	-
Franklin Light & Power Co....	1	-	-	-	-	-	1	-
Bangor Railway & Electric Co.....	1	-	-	-	-	-	1	-
Totals.....	11	1	1	-	3	-	15	1

ACCIDENTS.

*Accidents on Gas Light Companies for the Year Ending
December 31, 1921.*

GAS COMPANIES.	Employees.		Trespassers.		Other Persons.		Total.	
	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.
Bangor Gas Light Co.....	-	2	-	-	-	-	-	2
Portland Gas Co.....	-	1	-	-	-	-	-	1
Totals.....	-	3	-	-	-	-	-	3

ACCIDENTS.

*Accidents on Express Companies For the Year Ending
December 31, 1921.*

EXPRESS COMPANIES.	Employees.		Trespassers.		Other Persons.		Total.	
	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.
American Ry. Express Co. . .	-	53	-	-	-	-	-	53

ACCIDENTS.

*Accidents on Telephone and Telegraph Companies for the Year
Ending December 31, 1921.*

TELEPHONE & TELEGRAPH COMPANIES.	Employees.		Trespassers.		Other Persons.		Total.	
	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.
New England Tel. & Tel. Co	-	36	-	-	-	-	-	36

ACCIDENTS.

Steamboat Accidents for Year Ending December 31, 1921.

STEAM BOAT COMPANIES.	Passengers.		Employees.		Other Persons.		Total.	
	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.
Casco Bay Inc.	-	-	1	-	-	-	1	-
Coburn Steam Boat Co.	-	2	-	-	-	-	-	2
Totals	-	2	1	-	-	-	1	2

ACCIDENTS.

*Accidents on Water Companies for Year Ending December
31, 1921.*

WATER COMPANIES.	Employees.		Trespassers.		Other Persons.		Total.	
	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.
Biddeford & Saco Water Co	-	1	-	-	-	-	-	1
Houlton Water Co.....	-	2	-	-	-	-	-	2
Totals.....	-	3	-	-	-	-	-	3

ACCIDENTS.

There have been accidents in our State where 54 persons were killed and 335 were injured for the year ending December 31, 1921, and a preliminary investigation was made by the inspection department, testimony taken and a report made to the Commission on all the fatal accidents.

*Accidents at Grade Crossings for Year Ending December
31, 1921.*

STEAM & ELECTRIC RAILROAD COMPANIES.	Protected.		Unprotected.		Total.	
	Killed.	Injured.	Killed.	Injured.	Killed.	Injured.
Boston & Maine R. R.	1	1	-	-	1	1
Bangor & Aroostook R. R. Co.	-	-	-	4	-	4
Grand Trunk Ry.	-	3	-	-	-	3
Maine Central R. R. Co.	2	5	6	11	8	16
Portland Terminal Co.	-	1	-	1	-	2
Androscoggin & Kennebec Ry. Co.	-	-	-	5	-	5
Total grade crossing accidents.....	3	10	6	21	9	31
SUMMARY OTHER ACCIDENTS -.						
Other Steam Railroad accidents.....	-	-	-	-	23	137
Other Street Railway accidents.....	-	-	-	-	6	69
Other Electric Power Co's. accidents.....	-	-	-	-	15	1
Other Gas Companies accidents.....	-	-	-	-	-	3
Other Express Companies accidents.....	-	-	-	-	-	53
Other Telephone & Telegraph Companies accidents.....	-	-	-	-	-	36
Other Steamboat Companies accidents.....	-	-	-	-	1	2
Other Water Companies accidents.....	-	-	-	-	-	3
Totals.....	-	-	-	-	45	304
Grand Total.....	-	-	-	-	54	335

PASSENGERS.

The one passenger killed was riding on steps of a street car near Veazie, leaned out too far and head came in contact with a trolley pole.

EMPLOYEES.

Of the eleven employees killed, one section man killed by running into another motor car; a shopman sawing block of hardwood timber at car barn struck by same from circular saw; a car repair helper fell into turntable pit; a brakeman jammed between freight car and building; a coal shed man struck by a yard shifter; a machinist helper was run over by engine under which he was working; a shop machinist killed by a bursting emery wheel; a carpenter helper was crushed between two freight cars by yard shifter; a flagman at private crossing run over by yard shifter backing over him; a bridge draw tender stepped in front of passenger train at Kittery Junction and was killed; a brakeman was knocked off top of freight cars by an extended lumber chute.

TRESPASSERS OR OTHER PERSONS.

Of the seventeen people killed by trespassing, a boy ran in front of an electric car; a deaf man walking on track was struck by passenger train; a trespasser riding on a freight train jumped off in front of another freight train going in the opposite direction; a man walked in front of passenger train; an old man out of his mind, sitting on track rail, was run over by electric car; a young man drove his automobile head on an approaching electric car; a deaf and dumb man walking on track was struck by a freight train; a trespasser riding on a freight train which had some cars derailed was killed; a man (evidently intoxicated), walking on track, was struck by a freight train; an old man walking on a bridge was knocked off or fell off, on account of the approach of a freight train; a trespasser (evidently intoxicated) fell off a passenger train; a man walking on track was struck by a passenger train; a man (evidently intoxicated), sitting on track rail, was struck by a passenger train; a man walking on track was struck by freight train; a woman out of her mind walked or jumped under a freight train; a boy walking along beside a passenger train in motion fell under the cars and

was killed; a man standing too near the track was struck and killed by an electric car which he was to take.

CROSSINGS.

Of the nine people killed at grade crossings, six were killed in automobiles and struck by passenger trains; a freight conductor was killed by his train shifting in a yard, by saving the life of an old man on the crossing; a girl driving a horse over a station crossing was struck by a freight train backing some cars over the crossing; a man walked in front of a passenger train and was killed, while the gateman had gates down for protection.

ELECTRIC POWER COMPANIES.

Of the fifteen people killed by electrocution, a ground employee climbed a pole to release old copper wires taken out in place of new aluminum wires; a trespasser took hold of the end of a live wire which was loosened by a storm; a workman, while testing 550-volt circuit meter at power house, was electrocuted; a workman, while painting a cross-arm near power house, fell on high tension wires and was electrocuted; a boy was electrocuted when walking and climbing on top of the Gardiner and Rando'ph bridge, on which are located some high tension wires on short poles; two workmen electrocuted while repairing private telephone wires located on same pole with high tension wires; a workman electrocuted while placing a circuit breaker on a pole; a workman electrocuted while installing new high tension wires on a cross-arm pole; a boy electrocuted by a guy wire in contact with high tension wire; a workman was electrocuted while changing electric light bulb on a street lighting circuit; a workman was electrocuted while adjusting a lightning arrester at a sub-station; a trespasser climbed a pole containing high tension wires and was electrocuted; a workman, while removing high tension wires which he supposed he had killed, was electrocuted; a boy was electrocuted by taking hold of a broken fire alarm wire that was crossed with a high tension wire.

STEAMBOAT COMPANIES.

A deck hand fell overboard from middle deck of steamer and was drowned.

REPORT OF TELEPHONE ENGINEER FOR THE YEAR ENDING DECEMBER 31, 1921.

*Public Utilities Commission, Charles E. Gurney, Chairman,
Augusta, Maine:*

GENTLEMEN:—Herewith is presented a report of the Telephone Department for the period ending June 30th, 1922.

The Public Utilities Commission was given by the Governor and Council in September, 1920, the authority to organize a Telephone Department and to hire a chief of such a department at a salary of \$2,500.00 per year. This position was offered to the writer who accepted and entered the service of the State early in October, 1920.

The question of adequate rates is so closely related to the ability to render service that the Commission on July 1st, 1922, assigned to the Telephone Department all matters pertaining to telephone rates which had been previously handled by the rates and schedules department.

A number of companies have found it necessary to raise their rates. This is a proceeding in which the public is vitally interested, and when the causes underlying the increase are not properly understood by the subscribers a formal complaint to the Commission is the result. Owing to the fact that this department has been required to make a careful study of all applications for rate increases, and has been able to advise the management how best to bring the matter before the subscribers, the Commission has found it necessary to hold but one public hearing involving telephone rates since the telephone department was established.

After the telephone properties were returned by the Government to private control in 1919, no attempt was made to file uniform intrastate toll rates by companies other than the New England Telephone & Telegraph Company and its subsidiaries. The work of securing a proper filing of toll rates is being carried on at this time. In regard to exchange rates, it was found that a number of telephone companies were charging rates and engag-

ing in practices without having filed with the Commission proper schedules governing such items. Their irregularities were taken up and corrected as they appeared.

There are one hundred nine (109) telephone companies operating in the State of Maine. The local exchange service in the cities and larger towns is furnished by the New England Telephone & Telegraph Company and four subsidiary companies, namely, the Aroostook, the Maine, the Moosehead and the Eastern Telephone & Telegraph Companies. The toll lines which connect with the long distance lines outside of the State as well as nearly all of the toll lines within the state are owned or controlled by the above named organizations.

The smaller towns and villages, together with their associated rural communities, are served by a large number of locally owned and operated telephone companies. Some of these smaller companies connect with the lines of the New England Telephone & Telegraph Company and its subsidiaries for the interchange of toll business. In certain parts of the State, however, particularly in Franklin, Somerset and Oxford counties, there is a group of Mutual Farmer Companies, so called, in competition with the subsidiary companies of the New England for local exchange business and for toll business within the area served by their lines. These companies do not connect with the companies which operate exchanges in the larger centers or their toll lines. Telephone subscribers, within this territory where duplication of plant exists, are compelled to have two and sometimes three telephones installed in order that they may have connection with all of the subscribers in their immediate territory. The disadvantages of this condition are too apparent to need comment. The work of formulating a plan for the improvement of conditions which now obtain in competing territory is receiving much of our attention.

A number of conferences have been held with the managers of the different properties, as a result of these conferences a meeting of the representatives of the New England Tel. & Tel. Co. and its subsidiaries together with representatives of the various independent companies was held at Waterville. It is hoped that definite beneficial results can be obtained, but the process must be slow owing to the spirit of hostility and suspicion which still exists to some extent in the minds of those

who were active in the telephone business in the days of unrestricted competition.

Cases involving the issue of securities and the purchase and sale of property being used in furnishing telephone service are subjects which require formal proceedings, and this department is concerned in these matters only to the extent of making investigations, reports, and valuations, as ordered by the Commission.

During the period 1900 to 1910 many charters were granted to build telephone lines throughout the State. The aim of most of the promoters of these companies was to furnish service at cost.

The principles underlying the successful operation of a telephone plant were not generally understood. Small poles were used, not set in the ground deeply enough. The corners were not guyed and the joints in the line wires were not properly made. Inferior equipment was improperly installed. All of these things resulted in a fair grade of service being rendered at a very low rental cost while the material and equipment were new. Much of the plant is now reaching the end of its useful life and it is being found that service has been rendered much below cost. The vital element of depreciation and its effect upon service was not taken into account when the rates were decided upon, consequently there is no money on hand to pay for repairs or replacements.

When the lines were being built future development and demands for new service were not considered. Therefore many companies find themselves unable to make extensions or serve new customers because the plant is now loaded to its capacity.

In recent years hydro-electric development has made such rapid strides in rural communities that inductive interference from high tension lines causes much transmission trouble in plants constructed before the advent of the power companies.

When the same highway is used by power and telephone companies, hazardous situations are brought about, and interference with speech transmissions arises due to induction caused by a lack of co-operation between the companies or failure to apply proper methods of construction.

Owing to the shortage of material during the war years, and the consequent curtailment of construction there have been

requests for telephone service which the companies have been unable to grant owing to lack of facilities.

Many complaints arising from the causes outlined above are referred to this department for investigation or adjustment, as a result of the work along these lines it has been necessary for the Commission to hold only seven public hearings on telephone matters during the period covered by this report.

The managers of telephone companies in this State are making an effort to maintain a satisfactory grade of service. There are many difficulties to be surmounted before the service can be improved. This department is constantly being called upon for advice and assistance in solving service problems, and it has been found that the telephone companies, the electric companies and the public are willing to co-operate to the fullest extent when all the facts are properly presented and fully understood.

Respectfully submitted,

GEO. R. ARMSTRONG,

Telephone Engineer.

Augusta, Maine, July 1st, 1922.

DECISIONS AND ORDERS

PUBLIC UTILITIES COMMISSION.

STATE OF MAINE.

Re-application of Bangor Railway & Electric Company for alteration or modification of decree of former Board of Railroad Commissioners.

R. R. No. 672. APRIL 5, 1921.

Cleaves, Chairman; Trafton and Greenlaw, Commissioners.

Appearances: E. C. Ryder, Esq., for the Bangor Railway & Electric Company; Henry J. Hart, Esq., for the Bangor & Aroostook Railroad Company.

The Bangor Railway & Electric Company operates a street railway, one line of which crosses the tracks of the Bangor & Aroostook Railroad Company at grade and along Main Street, so called, in the city of Old Town. It is the successor of the Bangor, Orono & Old Town Railway Company, and by a decree of the former Board of Railroad Commissioners, dated August 3, 1896, the Bangor, Orono & Old Town Railway Company was ordered to contribute one-half of the expense of maintaining a signal tender at this crossing. The Bangor Railway & Electric Company, as successor to the Bangor, Orono & Old Town Railway Company, under date of January 5, 1921, petitions this Commission to modify this decree of the Board of Railroad Commissioners, in so far as it relates to the expense of employing a signal tender and asks that it be relieved of all expense in connection with said crossing.

Upon this petition, after notice, the Commission held a public hearing at its offices, at Augusta, on February 9, 1921, and received evidence. This evidence was to the effect that at the time of the decree of the Railroad Commissioners and for many years afterward, there was a very considerable railway traffic over this crossing upon the Bangor & Aroostook Railroad, and that it was regarded as necessary that ample protection should be given both to the passengers riding in the steam railroad trains and those riding upon the electric cars, as well as to foot passen-

gers and vehicular users of the highway. The Railroad Commission was undoubtedly correct in requiring the electric railway to share equally in the expense of the protection of this crossing. This expense in the earlier days was much less than the same now is and will continue to be, and the electric railway feels that it is paying more than its share for the necessary protection. This belief is somewhat controlled by the fact that it is the practice of the street railway operators all over the State, under the direction of the Commission and at its suggestion, to stop each car at a steam railroad crossing, have the conductor go ahead and be sure that no train is approaching, and then give the signal for the motorman to cross. This practice, if carefully complied with, gives to the passengers in the electric car and those upon the steam railroad train as full protection as though the street railway itself was maintaining a flagman at each crossing. To our surprise, and no doubt what is equally to the surprise of the street railway, the evidence in this case results that while it was believed that positive orders were given to the motormen and conductors to follow out this practice, the orders were not to any extent being observed and hardly a car which passed over this crossing received this kind of protection. We were assured by the electric railway executives that it was their desire and intention to have this rule carefully observed and that especial pains would be taken to see that the practices heretofore obtaining at this crossing would be immediately modified and that the rule would be carefully observed. We have delayed this decision somewhat, in order to ascertain whether the rule was being observed, and we are satisfied that it is. We therefore approach the matter with a belief that this form of protection will be given by the street railway, and it follows that we must give consideration to the claim of the street railway that it is paying too much toward the protection of this crossing.

It there were no street railway operating over this crossing, it is of such a character as to require some form of protection during the passage of trains. The crossing is especially blind and the danger to foot and vehicle passengers very great. Therefore, the steam railroad will have to give this crossing protection during the passage of trains. The amount which the street railway paid in 1920 and which it would probably be obliged to pay in the years to come is excessive, and the evi-

dence warrants and compels us to modify the above named order of the Board of Railroad Commissioners.

It is, therefore,

ORDERED, ADJUDGED AND DECREED

that the decree of the former Board of Railroad Commissioners, dated August 3, 1896, with reference to the payment by the Bangor, Orono & Old Town Railway Company (Bangor Railway & Electric Company, its successor) of one-half the expense of maintaining a signal tender at the crossing located over the tracks of the Bangor & Aroostook Railroad Company, on Main Street in the city of Old Town, be, and the same hereby is, modified and altered to this extent, viz., on and after May 1, 1921, the Bangor Railway & Electric Company shall annually pay to the Bangor & Aroostook Railroad Company the sum of two hundred dollars (\$200.00) as its entire contribution toward the expense of affording protection at said crossing.

It is further ordered, that said Bangor Railway & Electric Company give particular attention at this crossing to caution its conductors to "run" said crossing upon each trip.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Re-application of Maine Central Railroad Company for authority to locate a branch railroad track to a log landing or yard of the Princeton Terminal Company.

R. R. No. 678. APRIL 8, 1921.

Cleaves, Chairman; Trafton & Greenlaw, Commissioners.

Appearances: Louis Stearns, Esq., for the Princeton Terminal Company; Frank M. Libby, Esq., for the Maine Central Railroad Company.

This is an application of the Maine Central Railroad Company for authority to locate, construct and maintain a branch railroad track in Princeton, Washington county, Maine, to extend from a point in an existing track of the Maine Central Rail-

road Company, nearest the passenger station in Princeton, southerly across Main Street to the log landing or yard (in the petition described as the "taking out plant") of the Princeton Terminal Company.

On this application the Commission gave notice of a public hearing to be held at the offices of the Public Utilities Commission on Wednesday, April 6, 1921, at which time and place hearing was held and notice proved to have been given as ordered.

There are at present two tracks across Main Street in the village portion of Princeton, one of which leads to a store house and other buildings; the other to the site of a former sawmill. The Princeton Terminal Company has constructed and desires to extensively use a taking out plant or log landing and loading plant south of Main Street, and desires to connect its plant with the main line of the Maine Central Railroad Company by means of a branch track. The branch track which now leads to the abandoned sawmill has a curvature which makes it impracticable to use the same in connection with the Princeton plant. It is therefore the proposal of the petitioner to abandon and take up this track and put in its place just east of the present location a track with a lesser curvature for the use of the Princeton plant.

The evidence discloses no reason why the prayer of the petitioner should not be granted and very many reasons why it should. The petition and the accompanying plan contains and gives a full description of the proposed location.

It is

ORDERED, ADJUDGED AND DECREED

that the prayer of the petitioner be and hereby is granted and that the Maine Central Railroad Company be and hereby is given authority to locate, construct and maintain a branch railroad track in Princeton, Washington county, extending from its main track at the point indicated in its petition and accompanying map to and across Main Street, so called, to the southerly side line of Main Street. Said branch track is to be constructed at grade with said street and same is to be planked and kept replanked the entire width of the street between the rails of said track and 18 inches outside of each rail.

The present side track across Main Street being the most easterly of the two now in existence, is to be removed and that portion of the street now occupied by said track to be placed in safe and usable condition.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Bangor & Aroostook Railroad Company: Re-petition for approval by this Commission for change of location of its railroad in town of Fort Kent across farm of one Peter Martin.

R. R. No. 682. JUNE 14, 1921.

Trafton and Greenlaw, Commissioners.

Under date of February 7, 1921, the Bangor and Aroostook Railroad Company filed the following petition with this Commission relating to the taking of land by it in the town of Fort Kent and requesting, under the direction of the Commission, a change in its location:

"To the Honorable Public Utilities Commission of the State of Maine:

"Bangor and Aroostook Railroad Company, a corporation organized and existing under the laws of the State of Maine, and having its principal place of business at Bangor, county of Penobscot in said State, respectfully represents:

"1. That it owns and operates various lines of railroad within the State of Maine, among others, one reaching from the town of Van Buren in the county of Aroostook to and through the town of Fort Kent in said last named county; that by the location of that part thereof which was approved by your predecessors, the Honorable Board of Railroad Commissioners of the State of Maine, June 20, 1910, it failed to acquire the land actually needed across the farm of Isidore Bourgoin in said Fort Kent which is now owned by Peter Martin, and that the aforesaid location across said Bourgoin farm is defective, in that said location approved as aforesaid is not of sufficient width on the southerly side of, and measured from, the center line thereof across said Bourgoin farm to meet the necessary requirements

for excavation and embankment, all of which is shown on plan accompanying this petition and filed herewith.

Your petitioner now files a description of the land which it is necessary to take for excavation and embankment and which it actually has taken across said Bourgoin farm in addition to the land taken by the original location, which description is as follows:

“A strip of land in town of Fort Kent and county of Aroostook, adjacent to and on the south side of right of way conveyed by Isidore and Delina Bourgoin to the Bangor & Aroostook R. R. Co., and recorded in the Aroostook Registry, Northern District, August 1st, 1910, Volume 70, Page 49; and described as follows, viz:

Beginning at the southwesterly corner of right of way as above conveyed, and following its southerly boundary easterly to its southeasterly corner thence southwesterly by a straight course, one hundred and eighty (180) feet to a point twenty-five (25) feet southerly from the southerly boundary of the above conveyed right of way and at right angles thereto, thence westerly parallel with and twenty-five (25) feet distant therefrom to the westerly boundary of said Bourgoin land, nine hundred and seventy-seven (977) feet more or less, thence along said westerly boundary twenty-five (25) feet more or less to point of beginning.

Said described strip contains sixty one-hundredths (0.61) acre, more or less.”

Wherefore your petitioner prays that your Honorab'e Commission will approve said corrected and perfected location across said Bourgoin farm, as by statute in such case is made and provided.

Dated at Bangor, Maine, this 7th day of February, A. D. 1921.

BANGOR AND AROOSTOOK RAILROAD COMPANY,

By PERCY R. TODD, President.

Henry J. Hart, Frank P. Ayer, attorneys for petitioner, Graham Bldg., Bangor, Maine.

The petitioner having complied with all the preliminary requirements of law and the petition being accompanied by plan on appropriate scale, on the 12 day of May, A. D. 1921, it was

ORDERED

"that a hearing on said petition be held on the premises described in said petition on June 1st, A. D. 1921, at 5.00 o'clock in the afternoon, (standard time), on which day, time and place said Public Utilities Commission will be in session and will give to the petitioners and to other parties interested a hearing in the above matter."

It was further

ORDERED

"that the petitioner also cause to be served in hand or at the place of last and usual abode upon said Peter Martin of Fort Kent, Maine, certified copies of said petition and this order thereon, at least 14 days before said 1st day of June, A. D. 1921, by an officer duly qualified to serve civil processes within the jurisdiction in which such service is made.

"Compliance with this order shall be deemed sufficient notice to the petitioner."

Pursuant to the foregoing petition and order of notice, the Commission met at the time and place designated in said order, and it then and there appearing that notice had been given as ordered, viewed the location and heard the parties interested.

The Bangor and Aroostook Railroad Company was represented by Henry J. Hart, Esq., its general counsel. Peter Martin appeared for himself.

The petitioner asks the Commission to approve the "corrected and perfected location across said Bourgoin farm" after setting out in said petition that the Railroad Company "failed to acquire the land actually needed across the farm of Isidore Bourgoin in said Fort Kent which is now owned by Peter Martin, and that the aforesaid location across said Bourgoin farm is defective, in that said location approved as aforesaid is not of sufficient width on the southerly side of, and measured from, the center line thereof across said Bourgoin farm to meet the necessary requirements for excavation and embankment."

It appeared by the evidence produced at the hearing that the land described in the petition by metes and bounds is a small parcel belonging to said Peter Martin, containing sixty-one hundredths (0.61) acre more or less (adjacent to and on the south side of land conveyed by Isidore and Delina Bourgoin to the

Bangor and Aroostook Railroad Company and embraced in the first location) all of which the petitioner alleges it was and is necessary to take for excavation and embankment. It further appeared that the said Martin is the only interested party in said land, and does not consent to the taking of the same by said Bangor and Aroostook Railroad Company, and that the said parties, said Railroad Company and said Martin do not agree as to the necessity therefor, or the area necessary to be taken.

No change in the land embraced in the original location is desired, except in so far as the addition of the land described in the petition may be considered a change. However we adjudge, determine and certify that it was necessary to take all the land described in said petition, which land is outside of and in addition to the land embraced in the original location, for excavation and embankment, and that the petitioner has taken same for those purposes only.

We adjudge and determine also that by the first location, the petitioner failed to acquire the land actually needed and now embraced in its roadway across the farm of Isidore Bourgoin of said Fort Kent, which is now owned by Peter Martin, and therefore that the location now on file is defective.

For these reasons, so far as approval by the Commission is contemplated by statute, we approve the corrected and perfected location across said Bourgoin farm as prayed for in said petition, and we further make this our determination, adjudication and certificate of adjudication.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

State Highway Commission: Petition for alteration of crossing of State Highway "M" in the town of Dedham by tracks of the Maine Central Railroad Company.

R. R. No. 683. MARCH 23, 1921, JUNE 16, 1921, JUNE 25, 1921.

Cleaves, Chairman; Trafton & Greenlaw, Commissioners.

Appearances: Paul D. Sargent, Chief Engineer, for the State Highway Commission; Charles H. Blatchford, General Solicitor for Maine Central Railroad Company.

This case is based upon an application filed with the Public Utilities Commission by the State Highway Commission of the State of Maine, alleging that it is constructing a state highway, commonly called "M," between Bangor in the county of Penobscot, and Bar Harbor in the county of Hancock; that said highway is now crossed at grade by the tracks of the Maine Central Railroad Company, which said crossing is graphically represented and delineated upon a plan attached to and accompanying said petition and made a part thereof; that public safety requires an alteration in said crossing and a change in the mode of crossing the said public highway by an alteration of the grade of said highway within the limits of the right of way of said Maine Central Railroad Company; that said State Highway Commission recommends that such alteration and change of method of crossing said highway be carried into effect in the manner delineated upon the profile portion of the accompanying plan, and asks the Public Utilities Commission, after notice and hearing, under the provisions of section 34 of chapter 24 of the Revised Statutes as amended, to determine what alteration and change, if any, shall be made in said crossing, for the public safety, and by whom such alteration and change shall be made, and apportion the expense thereof between the State of Maine, the town of Dedham, and the Maine Central Railroad Company, in accordance with the provision of said statute.

Hearing was held and notice proven to have been given as ordered.

Now after full hearing and mature consideration it is

ORDERED, ADJUDGED AND DECREED

(1). That the prayer of the petitioner be granted and that there be carried out an alteration of the crossing of said state highway "M," in the town of Dedham with the tracks of the Maine Central Railroad Company, in accordance with the plan and profile filed with said petition and this day approved by this Commission and made a part of this decision;

(2). That the work of said alteration be performed by the State Highway Commission, subject to the approval and satisfaction of the Public Utilities Commission;

(3). We find that no person will be in any way damaged by reason of said alteration;

(4). The approaches to said crossing as altered are to be surfaced with gravel to conform to the general construction of the portion of the highway in the immediate vicinity. That portion of the highway crossing within the rails of said railroad company and eighteen inches outside of said rails shall be planked in accordance with the standard construction for grade crossings used by the Maine Central Railroad Company, and shall be twenty-two feet in width, measured at right angles to the center line of said highway;

(5). The expense of said alteration is to be borne, 65 per cent by Maine Central Railroad Company, 25 per cent by the State of Maine, and 10 per cent by the town of Dedham, bills therefor to be presented for audit to this Commission for final allowance and certification.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

In the matter of the petition of the State Highway Commission of Maine, for widening and alteration, Ellsworth State road grade crossing over the tracks of the Maine Central Railroad Company in the town of Dedham.

R. R. No. 683.

This certifies that the Public Utilities Commission has caused to be made an inspection of the work done in connection with the above matter and finds the same has been completed in accordance with the order of said Commission, dated March 23rd, A. D. 1921.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

State Highway Commission: Petition for alteration of crossing State Highway "M" in the town of Dedham, by tracks of the Maine Central Railroad Company.

R. R. No. 683.

Acting under order of the Public Utilities Commission, dated March 23, A. D. 1921, in the above entitled cause, the Maine State Highway Commission has made the changes therein ordered, and is now presenting its report of the cost thereof to this Commission for a certificate of final apportionment. Said statement of cost, amounting to three hundred twenty-two dollars and sixty-six cents (\$322.66) is hereto annexed. Said work was inspected and certificate of approval was issued June 16, 1921.

In its said decree, dated March 23, A. D. 1921, the Public Utilities Commission ordered, "That expense of said alteration is to be borne sixty-five (65) per cent by the Maine Central Railroad Company, twenty-five (25) per cent by the State of Maine, and ten (10) per cent by the town of Dedham, * * *."

After a careful consideration and audit of the aforesaid statement of cost, it is therefore,

ORDERED, ADJUDGED AND DECREED

1. That the cost of the changes at the grade crossing above referred to, in the town of Dedham, as made by order of this Commission under Chapter 24, Section 34, Revised Statutes, for which the Maine State Highway Commission is entitled to reimbursement in the manner and to the extent hereinafter specified, is three hundred twenty-two dollars and sixty-six cents, (\$322.66).

2. That in accordance with former order of this Commission in the above entitled cause ten (10) per cent of said sum, to wit: thirty-two dollars and twenty-seven cents (\$32.27) is to be paid to the Maine State Highway Commission by the town of Dedham; and twenty-five per cent thereof, to wit: eighty dollars and sixty-six cents (\$80.66) is to be paid to the State Highway

Commission by the State of Maine; that sixty-five (65) per cent thereof, to wit: two hundred nine dollars and seventy-three cents (\$209.73) is to be paid to the Maine State Highway Commission by the Maine Central Railroad Company.

It appears that the Maine Central Railroad Company has already expended for work performed at said crossing the sum of forty-one dollars and twenty-eight cents (\$41.28), which sum is included in the aforementioned total cost of three hundred twenty-two dollars and sixty-six cents (\$322.66). In complying with the foregoing order of payment to the Maine State Highway Commission, the Maine Central Railroad Company may deduct from its aforesaid apportioned amount of two hundred nine dollars and seventy-three cents (\$209.73) the sum of forty-one dollars and twenty-eight cents (\$41.28) already expended. It shall pay to the Maine State Highway Commission the balance of said apportionment, to wit: the sum of one hundred sixty-eight dollars and forty-five cents (\$168.45).

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

In the matter of petition of Maine Central Railroad Company
in regard to station at Embden.

R. R. No. 707. JULY 6, 1921.

Trafton and Greenlaw, Commissioners.

The Maine Central Railroad Company filed its petition with this Commission dated May 16, 1921, asking that the Commission rescind, alter or amend the order of the Board of Railroad Commissioners dated March 26, 1892, wherein George C. Patten and others were complainants and the Somerset Railway Company was respondent. The order referred to required the Railway Company to keep open a station in the town of Embden in the county of Somerset for the accommodation and comfort of passengers, and the reception and delivery of freight. On this petition notice was ordered and a public hearing was held at the passenger station in the town of Embden on June 10, 1921. At

the hearing Charles H. Blatchford, Esq., appeared for the petitioner and J. H. Thorne, Esq., County Attorney of Somerset county, appeared for the town of Embden. Notice was proved to have been given as ordered. Mr. Thorne stated to the Commission that the town did not want the station wholly abandoned, but recognizing the conditions confronting the Railroad was willing that the station be discontinued as an agency station and placed in charge of a caretaker, who would keep the station cleaned, warmed and lighted for the convenience of passengers, and would see that freight and baggage left at the station by trains were placed under cover. The representative of the petitioner stated that it was not the intention of the Railroad to abandon the station or make any change with respect to stopping passenger trains at the station; that carload and less carload freight could continue to be received and forwarded at the station; that tickerts would be sold to but not from Embden; that passengers boarding the train at Embden would pay the regular fare to the train conductor without excess charge. It is therefore

ORDERED, ADJUDGED AND DECREED

1. That the order of the Railroad Commissioners above referred to be, and the same hereby is, amended by permitting the Maine Central Railroad Company to maintain its station at Embden as a non-agency station in charge of a caretaker who will keep the station cleaned, lighted and warmed.

2. That this case remain open upon the docket of this Commission for such further action as may be deemed advisable either by the Commission upon its own motion or upon petition of any party interested.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Re-appeal of the Androscoggin & Kennebec Railway Company from the order of the selectmen of the town of Brunswick in regard to laying asphalt macadam between its rails and 18 inches beyond on the west side of the track for a distance of about 780 feet on Maine Street in Brunswick.

R. R. No. 710. JULY 11, 1921.

Trafton & Greenlaw, Commissioners.

Appearances: William H. Newell, Esq., for the Androscoggin & Kennebec Railway Company; E. W. Wheeler, Esq., for the inhabitants of the town of Brunswick.

This is an appeal taken by the Androscoggin & Kennebec Railway Company under the provisions of section 31 of chapter 58 of the Revised Statutes, as amended by chapter 197 of the Public Laws of 1919, from an order of the selectmen of the town of Brunswick requiring the railway company to lay between their rails and 18 inches beyond on the west side of the track for a distance of about 780 feet on Maine Street, asphalt macadam. Notice was proved to have been given as ordered and a public hearing was held at the offices of the Commission on June 16, 1921, at 9 o'clock in the forenoon, standard time. Appearances were as above stated.

The Androscoggin & Kennebec Railway Company is the successor through various changes of the Brunswick Electric Railroad Company, which was originally granted a location in the streets of Brunswick. The municipal officers of the town of Brunswick through their attorney, urge that the railway company ought to be required to comply with the terms of the order by reason of the fact of the conditions contained in the original franchise granted by the town of Brunswick, which conditions so far as the improvement in the street in question is concerned, it is claimed are reasonable and just, and also because as it is claimed an agreement was made between Mr. Sweeney, General Manager of the railway company, and the committee representing the town of Brunswick, whereby it is alleged that Mr.

Sweeney agreed for the company that it would do this work as required by the order.

In regard to the alleged agreement we are unable to determine that an agreement was in fact made which ought to be binding upon the railway company. A considerable amount of evidence as to this agreement was given but at best there seems to have been a misunderstanding between the parties in regard to what the agreement contemplated, the committee for the town claiming that the agreement covered not only the type of construction but also the consent of the railway company to do or to pay for the improvement as ordered and the manager of the railway claiming that the agreement covered the type of construction only with the right of appeal to this Commission reserved as to the apportionment of the expense.

We shall, therefore, attempt to determine the questions raised by the appeal on their merits. It appears that the total cost of the asphalt macadam for the distance of 780 feet as contemplated by the order of the selectmen, will be approximately \$1200, and including the cost of the macadam at the turnout near Pleasant Street will total about \$1600. The improvement in Maine Street in Brunswick, contemplated by the town, is evidently necessary, and while the direct benefit of such improvement to the railway company will not be great, the attorney for the company very frankly admits that a portion at least of the expense of such improvement ought to be borne by the company. By reason of this street improvement the company must necessarily make a considerable expenditure in the improvement of its track in this place. While these improvements will put the railway property in better condition, a certain part of the expense made necessary at this time might have been deferred so far as the railway company is concerned for future years, were it not for the proposed street improvement. It also appears that the space between the rails and along either side is used to a greater or less extent by the public generally as well as by the railway company. It seems to be a fact, however, that if the railway tracks were not laid upon the street the contemplated street improvement could be somewhat more conveniently and economically made by the town and that there would be less liability of damage by the frost or by the jar or vibration caused by the electric car movements along the track. It is apparent we believe, that the pres-

ent financial situation of this railway company is such that this company ought not to be required to divert a larger amount of its funds than may be absolutely essential to the paving and improvement of village or city streets or in any expenditures which will not directly or indirectly either diminish its operating expenses or increase its revenues.

While the actual amount which the company ought in this case to contribute to this street paving or macadam cannot be mathematically computed, we believe that this amount ought to be determined by the relative financial situation of the town and of the company as well as by the benefits which each have received by the contemplated street improvement. The town ought not in our opinion to be placed in any worse financial situation on account of these improvements by reason of the fact that the railway company is operating on its streets; on the other hand the railway company ought not in our opinion, under present conditions, to be required to make expenditures for street improvements not essentially necessary to its own operation which will create an undue burden upon the company and its patrons. After having given this matter our very careful consideration we have concluded that the railway company ought to pay to the town the sum of \$800 toward the expense of the asphalt macadam, and we believe that such payment will leave the town in approximately as good situation as it would be if there were no railway tracks upon this street. We understand that it is the desire of both parties that the actual work of laying the pavement be done by the town and payment for same as determined by this order be made to the town by the railway company and we shall make our order accordingly. It is, therefore,

ORDERED, ADJUDGED AND DECREED

1. That the pending appeal of the Androscoggin & Kennebec Railway Company, being R. R. No. 710 on the docket of this Commission, be and the same is hereby sustained;
2. That the Androscoggin & Kennebec Railway Company shall pay to the town of Brunswick the sum of \$800 when and as soon as said town of Brunswick shall have laid and completed the asphalt macadam between the rails of said company on Maine Street in Brunswick and 18 inches beyond on the west

side of the track for a distance of about 780 feet as contemplated in the notice and order by the Selectmen of Brunswick to said railway company, dated May 18, 1921, and shall have also laid and completed the asphalt macadam in a similar manner along the turnout on Pleasant Street, provided, however, that said railway company shall also seasonably do all things necessary in the way of renewals, replacements and improvements in its sleepers and tracks which may be required for the convenient laying of said asphalt macadam.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

In the matter of the petition of the Municipal Officers of the city of Hallowell for the discontinuance of whistling by the Maine Central Railroad Company in the said city of Hallowell.

R. R. No. 727. JULY 20, 1921.

Trafton and Greenlaw, Commissioners.

Under date of July 9th, 1921, this Commission received petition from the Municipal Officers of the city of Hallowell for the discontinuance of whistling by the said Maine Central Railroad Company in said city of Hallowell under the provisions of Section 72, Chapter 56 of the Revised Statutes, as amended by Chapter 16 of the Public Laws of 1921. On this petition notice was ordered and public hearing was held at the office of the Commission in Augusta, July 19, 1921. At the hearing Hon. Fred E. Beane appeared for the said petitioners, and George E. Fogg, Esq., appeared for the Maine Central Railroad Company. Notice was proved to have been given as ordered. Evidence was presented showing fully the conditions in said city occasioned by the whistling of said Railroad Company at all crossings of highways on the same level in said city.

After full consideration of the matter it is

ORDERED, ADJUDGED AND DECREED

That on or before three days from the date of this order said Maine Central Railroad Company shall discontinue the sound-

ing of whistles in said city at the crossings as herein specified and until further order of this Commission, as follows:

<i>Mileage of Crossing</i>	<i>Local Name</i>
A. For both East and West Bound Trains	
59.55	Greenville St.
60.03	Second St.
60.21	Academy St.
60.26	Union St.
60.39	Winthrop St.
B. East of Crossing for East Bound Trains only	
60.13	Chestnut St.
C. West of Crossing for East Bound Trains only	
60.32	Central St.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

In the matter of the application of the Bangor Railway & Electric Company for approval of the issue of securities.

R. R. No. 819. MARCH 9, 1922.

Gurney, Chairman; Trafton and Greenlaw, Commissioners.

This is an application by the Bangor Railway & Electric Company, a corporation and a public utility doing business under the laws of the State of Maine and whose principal office is located in Bangor in the county of Penobscot in the State of Maine.

The petition was dated February 7th, 1922. This Commission in consequence thereof ordered that a public hearing be held at the offices of the Public Utilities Commission at the State House in Augusta on February 21st, 1922, at 10 o'clock in the forenoon, and the Clerk of the Commission was directed to give notice of the same to the attorneys of the petitioning company by sending to them by registered mail a copy of the order, certified by said Clerk, seven (7) days at least before the date of the hearing, and further it was ordered that the petitioner give

public notice of said hearing by causing to be published in one issue of the Bangor Daily News, a public newspaper published in said Bangor, a like copy of said order seven (7) days at least before the date of said hearing. At the time and place of said hearing the petitioning utility was represented by the Hon. Edward C. Ryder, and there was no opposition to the petition.

It was established that the notices ordered by the Commission relative to the hearing had been properly given. The proposition, according to the evidence presented to the Commission, is that the petitioning utility, the Bangor Railway & Electric Company, for the purpose of carrying out its corporate powers and the completion, extension and improvement of its facilities and service contracted with the General Electric Company of Schenectady in the state of New York and the Wason Manufacturing Company of Brightwood, in the Commonwealth of Massachusetts, for the furnishing by said companies to the petitioning utility of six (6) double truck safety cars to be numbered when delivered eight (8), ten (10), twelve (12), fourteen (14), sixteen (16) and eighteen (18), and also necessary equipment and apparatus for completing said cars with safety appliances; under this agreement the title of the cars and the incidental equipment of the apparatus were to remain the property of the vendors until they had been fully paid for. Subsequently thereto, the petitioning utility entered into an agreement with the Merrill Trust Company, a banking corporation having its principal place of business at Bangor in the county of Penobscot in the State of Maine, which resulted in the transfer and assignment by the General Electric Company and the Wason Manufacturing Company to the said Merrill Trust Company of all rights of the said vendors to the Merrill Trust Company. The Merrill Trust Company on its part having received title to said cars, delivers them to the Bangor Railway & Electric Company for use upon its lines, under agreement by which the title is to remain in the Merrill Trust Company until thirty-six notes of one thousand two hundred fifty (1,250) dollars each, dated February 15th, 1922, with intervening and successive maturities of one month each, bearing interest at the rate of six per centum per annum, payable semi-annually, aggregating the sum of forty-five thousand (45,000) dollars, shall have been paid in full. As a part of this agreement between the petitioning utility

and the Merrill Trust Company, the difference between the purchase price of the cars and the sum of forty-five thousand (45,000) dollars, was paid by the petitioning utility to the vendors. The contract is not wholly unlike what is called a contract of conditional sale, and this Commission is asked to authorize the issuance of the notes under section 37 of chapter 55 of the Revised Statutes of 1916, as amended by chapter 128 of the laws of 1919, which provides that notes or other evidences of indebtedness payable at periods of more than twelve (12) months after date thereof, shall be approved by this Commission. We are, of course, concerned with the financial condition of the company to the end that it may not make partial payments and then lose what has been invested by the enforcement of those provisions of the contract that provide for sale of cars by the Trust Company in case of default. From the evidence adduced at the hearing we are satisfied that no obstacle appears in this aspect of the case. Proper votes of the directors of the corporation were presented to us together with a certified copy of the call for the meeting and excerpts from the by-laws of the corporation governing the calling of meetings of the Board of Directors, who in this instance are the proper officials for the action taken. It was in evidence that a quorum was present at this meeting.

Upon consideration of the evidence in the case, we shall authorize the issuance of the notes payable at periods of more than twelve (12) months after the date thereof, to be secured by the retention of title by the Merrill Trust Company of the cars which form the subject matter of the contract we have before referred to; and so far as may be required by the statute, we shall authorize the issue of those notes of the series referred to in the petition, payable at periods of twelve (12) months or less from the date thereof.

Accordingly, it is

ORDERED, ADJUDGED AND DECREED

(1) That prior to the issuance of the notes herein authorized, this order of the Commission, as herein set forth, shall be recorded upon the books of the Bangor Railway & Electric Company;

(2) That in the opinion of the Commission, the sum of the capital to be secured by the issue of said notes, is required in good faith for purposes enumerated in section 37 of chapter 55 of the Revised Statutes of Maine, as amended by chapter 128 of the Public Laws of 1919;

(3) That the Bangor Railway & Electric Company is hereby authorized to execute and deliver its thirty-six (36) negotiable promissory notes payable to the order of the Merrill Trust Company and aggregating forty-five thousand (45,000) dollars, said notes to be for one thousand two hundred fifty (1,250) dollars each, to be dated February 15, 1922, the first note to be payable in one month from its date and the last to be payable thirty-six (36) months from date, to bear interest from their date to the date of the respective maturities at the rate of six per centum per annum, payable semi-annually;

(4) That the Bangor Railway & Electric Company report to this Commission within six months its doings hereunder and thereafter each six months during the life of any of said notes, and in said report show to the Commission whether said notes have been paid in accordance with their terms.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Re-petition of State Highway Commission of Maine for change in railroad crossing in Skowhegan.

R. R. No. 747. MAY 26, 1922.

Gurney, Chairman; Trafton and Greenlaw, Commissioners.

Appearances: Mr. I. W. Barbour, Assistant Engineer for the State Highway Commission; George E. Fogg, Esq., for the Maine Central Railroad Company. Peter Steed, pro se; L. Britton, pro se.

This is a petition of the State Highway Commission of Maine representing that public safety requires the closing of the crossing on the highway as now traveled, situated just southerly of the proposed crossing hereinafter described, and the substitution

therefor of a crossing of State Highway "H," located as shown on the plan accompanying the petition at the intersection of the Maine Central Railroad location with the location of State Highway "H" at about Station 239. The location of said crossing is described in said petition as follows:

"A strip four rods wide, or two rods on each side of the center line of the location of State Highway "H" measured at right angles thereto and extending across the right of way of said Maine Central Railroad from Station two hundred thirty-eight plus sixty-seven (238+67) north 28°, 35' west to Station two hundred forty plus eight (240+8), or one hundred forty-one (141) feet in length, measured along said center line of State Highway 'H.'"

Said right of way is wholly within the limits of the location of the Maine Central Railroad Company, and may be otherwise described as follows:

Beginning on the northeasterly line of State Highway "H," at the point of intersection between said line and the easterly line of the Maine Central Railroad location which passes through Station 238+67, located on the center line of said State Highway "H;" thence northwesterly along said northeasterly line of said State Highway "H" extended, to the point of intersection between the northeasterly line of State Highway "H" and the westerly line of said Maine Central Railroad location; thence southerly along said westerly line of said Maine Central Railroad location passing through Station 240+8, located on the center line of State Highway "H," to the intersection of said westerly line with the southwesterly line of said State Highway "H;" thence southeasterly along said southwesterly line of State Highway "H" extended, to the point of intersection of the southwesterly line of State Highway "H" with the aforesaid easterly line of the Maine Central Railroad location; thence northerly along said easterly line of Maine Central Railroad location, through said Station 238+67 located on the center line of said State Highway "H," to the point of beginning.

On this petition, dated July 29, 1921, and afterwards amended at the request of the petitioner, after notice given and proved as ordered, a public hearing was held at the selectmen's office in Skowhegan, on September 24, 1921, at ten (10) o'clock in the forenoon.

The State Highway Commission is constructing a new State Highway which crosses the Maine Central Railroad tracks at the location of the proposed crossing. The proposed crossing is located very nearly in the same location as the present crossing, the location of the new highway being only slightly changed at this point for the purpose of eliminating a dangerous curve. No land is taken or asked to be taken in these proceedings and no damages are sustained by any person and no special damages are sustained by any owner of land adjoining said way by reason of any change in the grade thereof. No extra cost or expense whatever is involved in the proposed change in this crossing. Such change as is made is merely incident to the construction of the new State Highway by the State Highway Department. The railroad company will not be involved in any additional expense by reason of this crossing, as it is simply a question of planking the crossing in the new location and maintaining the crossing at that point instead of at the old location. The Maine Central Railroad Company, over whose location the proposed crossing passes, appeared and consented to the change, and claimed no damage, and no objection was made by anyone to the proposed change. We believe and shall find that public safety and convenience require that the present crossing near this point be abolished and a new crossing established at the intersection of the Maine Central Railroad location with the location of State Highway "H" at about Station 239 as shown in the plan filed with the petition and marked "Petitioner's Exhibit A."

It is therefore

ORDERED, ADJUDGED AND DECREED

1. That the public safety requires the closing of a certain crossing of the Maine Central Railroad Company in the town of Skowhegan, to wit: The crossing on the highway as now traveled, situated just southerly of the proposed crossing hereinbefore described, and the substitution therefor of a crossing of State Highway "H" located as shown on the plan accompanying the petition in this case at the intersection of the Maine Central Railroad location with the location of State Highway "H" at about Station 239 as hereinbefore described.

2. That said State Highway Commission of Maine be and it hereby is directed to furnish and provide all of the material and labor required in constructing the new crossing herein above referred to and to maintain the same except the planking between the rails and 18 inches on the outside of each rail.

3. That said Maine Central Railroad Company be and it hereby is directed to install the planking required for said crossing between the rails and 18 inches on the outside of each rail and to maintain the same.

4. For the reasons herein above stated no order or decree apportioning any cost or expense is necessary in this case.

5. That no damages will be sustained by any person by the taking of land or right of way, and no special damages will be sustained by owners of land adjoining the public way by reason of any change in the grade thereof, and no damages or special damages are awarded to any persons or person.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

In the matter of petition of the selectmen of Madawaska for judgment that public convenience and necessity require the laying out of way through or across the land or right of way of Bangor & Aroostook Railroad Company.

R. R. No. 891. JUNE 13, 1922.

Gurney, Chairman; Trafton and Greenlaw, Commissioners.

This is a petition of the Municipal Officers of the town of Madawaska in the county of Aroostook in the State of Maine, a tribunal having jurisdiction over the laying out of town ways in said town of Madawaska, representing that upon petition of certain inhabitants of said town of Madawaska, the selectmen, the petitioners in the instant case, gave public notice and met and held a hearing and adjudged that public convenience and necessity require the laying out of a town way in said town of Madawaska, the termini of said way and the general courses between them to be as follows:

(1) Beginning at a brass plug set in concrete on the southerly bank of the St. John river in said Madawaska, and in a line in a southerly direction with the center line of the Madawaska-Edmundston bridge now in process of construction.

(2) Thence south, twenty-two degrees, thirty minutes west, (S. 22°, 30' W.) magnetic needle, three hundred and seventeen and sixty-six one-hundredths (317.66) feet, to the center line of the Bangor & Aroostook Railroad.

(3) Thence south, twenty-two degrees, thirty minutes west, (S. 22°, 30' W.) magnetic needle, fifteen and forty-four one-hundredths (15.44) feet to center line of track on first siding.

(4) Thence south, twenty-two degrees, thirty minutes west, (S. 22°, 30' W.) magnetic needle, thirteen and five one-hundredths (13.05) feet to center line of track on second siding.

(5) Thence south, twenty-two degrees, thirty minutes west, (S. 22°, 30' W.) magnetic needle, one hundred and seventy-three and thirty-five one-hundredths (173.35) ft. to Bangor & Aroostook Railroad wire fence.

(6) Thence south, twenty-two degrees, thirty minutes west, (S. 22°, 30' W.) magnetic needle, four hundred forty-nine and five-tenths (449.5) ft. to the point of intersection of said proposed road with the said Van Buren-Fort Kent highway, this being the end of said proposed road.

The above described line to be the center line of said proposed town way and the width thereof to be four rods.

The said petitioners further represent that at the time and place of their said hearing and upon viewing the said proposed way as described hereinbefore, they ascertained that it crossed land of the Bangor & Aroostook Railroad Company used for station purposes, whereupon their proceedings were suspended in order that upon proper petition and after notice and hearing this Commission might determine under section 32 of chapter 24 of the Revised Statutes of Maine whether such public convenience and necessity require the laying out of said town way through or across the land or right of way of said Bangor & Aroostook Railroad Company. Upon such petition this Commission ordered that a public hearing be held at the offices of the Public Utilities Commission at the State House in Augusta on June 13, 1922, at 10 o'clock in the forenoon, standard time, and the clerk of the Commission was ordered to give notice of

said hearing to the inhabitants of the town of Madawaska by sending by registered mail to Arthur J. Cyr, Denis J. Cyr, Levite R. Daigle, selectmen of said town of Madawaska, and to the Bangor & Aroostook Railroad Company by sending by registered mail to Mr. Henry J. Hart, its Counsel, and to the station agent of said company at said Madawaska, and to the Board of County Commissioners of Aroostook county, and to Powers & Guild, Attorneys at Law, representing the petitioners, a copy of this order, certified by said clerk, and the said clerk was further ordered to hand to the chief engineer of the said Highway Commission, a like copy of said order; all to be done ten (10) days at least before the date of said hearing. This order of the Commission was dated June 2nd, 1922, and at the time of the hearing the order of the Commission was proven to have been complied with with precision. At the time of said hearing Mr. Frank P. Ayer appeared for the Bangor & Aroostook Railroad Company and Powers & Guild appeared for the petitioners.

By Mr. Frank P. Ayer, Counsel for the Bangor & Aroostook Railroad Company, the following statement was made:

"I have said, Mr. Chairman, that we are forced to admit that public convenience and necessity require the laying out of this highway from the international bridge to the main highway through our station yard."

Accordingly it is

ORDERED, ADJUDGED AND DECREED

That public convenience and necessity require the laying out of a town way through or across the land or right of way of the Bangor & Aroostook Railroad Company in the town of Madawaska, the termini of said way and the general courses between them to be as follows:

(1) Beginning at a brass plug set in concrete on the southerly bank of the St. John river in said Madawaska, and in a line in a southerly direction with the center line of the Madawaska-Edmundston bridge now in process of construction.

(2) Thence south, twenty-two degrees, thirty minutes west, (S. 22°, 30' W.) magnetic needle, three hundred and seventeen and sixty-six one-hundredths (317.66) feet, to the center line of the Bangor & Aroostook Railroad.

(3) Thence south, twenty-two degrees, thirty minutes west, (S. 22°, 30' W.) magnetic needle, fifteen and forty-four one-hundredths (15.44) feet to center line of track on first siding.

(4) Thence south, twenty-two degrees, thirty minutes west, (S. 22°, 30' W.) magnetic needle, thirteen and five one-hundredths (13.05) ft. to center line of track on second siding.

(5) Thence south, twenty-two degrees, thirty minutes west, (S. 22°, 30' W.) magnetic needle, one hundred and seventy-three and thirty-five one-hundredths (173.35) ft. to Bangor & Aroostook Railroad wire fence.

(6) Thence south, twenty-two degrees thirty minutes west, (S. 22°, 30' W.) magnetic needle, four hundred forty-nine and five-tenths (449.5) ft. to the point of intersection of said proposed road with the said Van Buren-Fort Kent highway, this being the end of said proposed road.

The above described line to be the center line of said proposed town way and the width thereof to be four rods.

The selectmen of said town of Madawaska are hereby ordered to record the adjudication of this Commission in the office in which the location of the way hereinbefore described must be recorded as required by law.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Re-Application of Cumberland County Power and Light Company for approval of issue of securities.

U. No. 482. MARCH 9, 1921.

Cleaves, Chairman; Trafton and Greenlaw, Commissioners.

This is an application of the Cumberland County Power and Light Company for authority to issue and sell or pledge certain First and Refunding Mortgage Five Per Cent Gold Bonds of said company. Public hearing at the office of the Commission on January 21, 1921. Notice proved to have been given as ordered. Verrill, Hale, Booth & Ives appeared for the petitioner.

The application states that the petitioner has heretofore made for extensions, additions and improvements to its plants and properties between January 1st and November 30th, 1920, expenditures aggregating \$253,319.38, against which no bonds have been issued. Since the above application was filed, however, the accounts have been completed and it appears that the item of \$3,831.25 for new automobiles has been reduced \$843.00, and 3,631.00 shown against purchase of new water wheels at Bonny Eagle has been cancelled. With these adjustments made, the total expenditures between January 1st and November 30th, 1920, are shown to be \$248,845.38, instead of the figures given in the petition. There also remains a balance of \$577.52, representing expenditures made by the petitioner for extensions, additions and improvements to its plants and properties prior to December 31st, 1919, against which no bonds have been issued. The petitioner has received from Empire Trust Company, trustee, from funds held in "depreciation and trust" fund to be applied to extensions, enlargements and additions the sum of \$16,966.44. There is, therefore, a balance amounting to \$232,456.46, against which no bonds have been issued and for which petitioner has received no reimbursement. The petitioner in the application asks for authority to issue and sell \$201,000, face value, of its First and Refunding Mortgage Five Per. Cent Gold Bonds to partially reimburse it for said expenditures stated in the petition to be \$236,930.46. After making the correction as above, however, the expenditures for which partial reimbursement is sought would be \$232,456.46, as above stated, and authority will be granted in this degree to issue \$197,000, face value, of said bonds.

The petitioner further asks for alternative authority to pledge said bonds as collateral to its note or notes.

Now, after notice and proof thereof and public hearing on said petition, it is

ORDERED, ADJUDGED AND DECREED

1. That the sum of the capital to be secured by the issue of said bonds is required in good faith for purposes enumerated in section 37, chapter 55, Revised Statutes of the State of Maine.
2. That the Cumberland County Power and Light Company

be and it hereby is authorized to issue its First and Refunding Mortgage Five Per Cent Gold Bonds, due September 1, 1942, of the aggregate face value of \$197,000 and to sell the same at not less than 80% of par thereof, plus accrued interest, the proceeds thereof to be used to partially reimburse said company for the aforesaid expenditures made for extensions, additions and improvements to its plants and properties, or if the aforesaid \$197,000 of bonds cannot be sold at such price to pledge said bonds or a portion thereof as collateral to the note or notes of said Cumberland County Power and Light Company.

3. That said Cumberland County Power and Light Company report to this Commission in detail, supported by the affidavit of one of its principal officers, its doings herein within ninety days from date hereof, and thereafter when and as ordered.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Re-Eastern Telephone & Telegraph Company and New England Telephone & Telegraph Company: Application for authority the former to purchase and the latter to sell certain telephone plant and property in the State of Maine, and by the former company for permission to do business as a telephone company in certain territory within the State of Maine now served by the New England Telephone & Telegraph Company.

U. No. 500. APRIL 21, 1921.

Cleaves, Chairman; Trafton and Greenlaw, Commissioners.
Appearances: George R. Grant, Esq., for both petitioners.

This is a joint petition made by the Eastern Telephone & Telegraph Company, a corporation organized under the laws of the State of Maine and a public utility under the jurisdiction of this Commission, and the New England Telephone & Telegraph Company, a corporation duly organized under the laws of the state of New York and operating a telephone plant and system in the State of Maine, among other places, and a public utility under the jurisdiction of this Commission, for authority the

former company to purchase and the latter company to sell certain of the latter's telephone plant and property in the State of Maine, as set forth in a schedule marked "Schedule A," attached to said petition, which schedule is hereby expressly referred to and made a part of this order; and for permission for the Eastern Telephone & Telegraph Company to conduct a telephone business throughout certain territory of the State of Maine now served by the New England Telephone & Telegraph Company. On this petition notice was ordered and a public hearing was held at the office of the Public Utilities Commission, in Augusta, on April 21, 1921, at ten o'clock in the forenoon. Notice was proved to have been given as ordered and appearances were as above stated.

The Eastern Telephone & Telegraph Company is now serving a comparatively limited territory in Washington county, Maine, and has toll connections with the New England Telephone & Telegraph Company. This is a local company, but a considerable amount of its stock is owned by the New England Company, which company renders such assistance as is necessary from time to time in conducting the affairs of the local company. It is now proposed to very materially increase the size of this local company and the territory to be served by it. The proposed purchase and sale contemplates turning over to the local company, by the New England Company, a large part of the territory in Washington county now being served by the latter company, together with the telephone property and equipment used in rendering such service. The result of this arrangement will be to create a large local company in which the New England Company will have a substantial financial interest, but not the stock control. It is claimed by the petitioners that this new arrangement will result in some economies of management and that the service which will be rendered by the new company will at least be as efficient as the service now being rendered by the New England Company. The Eastern Company will have the benefit of the New England connections, so that the subscribers will have the advantage of all the facilities which they now enjoy. No objection to this proposed arrangement was made by any one at the time of the hearing, and we see no reason why the petition should not be granted.

A complete schedule of the physical property intended to be purchased under this petition has been made by the company's engineer, a summary of which was filed with the Commission at the time of the hearing and very fully explained by Mr. Hagerman, the company's engineer. The value of the property as found by the engineer is \$228,500.00, and this sum is the proposed purchase price of the property. Payment is to be made as follows:

Cash	\$50,000 00
Stock	50,000 00
5% Debenture Bonds	128,500 00
<hr/>	
Total	\$228,500 00

Now therefore, after public notice and hearing as aforesaid, having given this matter our careful consideration, it is

ORDERED, ADJUDGED AND DECREED

1. That the New England Telephone & Telegraph Company be, and it hereby is, authorized to sell to the Eastern Telephone & Telegraph Company all of the telephone plant and property described in Schedule A, annexed to the petition in this case, (which said schedule is hereby referred to and made a part of this order), for the sum of \$228,500.00; and the New England Telephone & Telegraph Company is further authorized to receive in payment therefor, cash to the amount of \$50,000.00, common capital stock of said Eastern Telephone & Telegraph Company, the same being the capital stock of another public utility, of the aggregate par value of \$50,000.00 at par, and the 5% Debenture Bonds of said Eastern Telephone & Telegraph Company of the aggregate par value of \$128,500.00 at par; that the said Eastern Telephone & Telegraph Company be, and it hereby is, authorized to purchase from the New England Telephone & Telegraph Company all of the said telephone plant and property herein above referred to, and to pay therefor the sum of \$228,500.00 as aforesaid.

2. That public convenience and necessity require that said Eastern Telephone & Telegraph Company be permitted to con-

duct a telephone business throughout certain territory of the State of Maine now served by the New England Telephone & Telegraph Company, to wit:—in all that certain area comprising the cities of Calais and Eastport and the towns of Addison, Barling, Centerville, Charlotte, Cherryfield, Columbia, Columbia Falls, Cutler, Campobello, Dennysville, East Machias, Edmunds, Harrington, Jonesport, Jonesborough, Lubec, Machias, Machiasport, Marion, Marshfield, Millbridge, Perry, Pembroke, Robbinston, Steuben, Trescott, Whiting and Whitneyville, all as more specifically set forth and enumerated in said Schedule A attached to the petition in this case, and as delineated on a map and plan filed by the petitioners in this case and marked "Exhibit A;" and said Eastern Telephone & Telegraph Company is hereby authorized to furnish such service in said territory.

3. That said Eastern Telephone & Telegraph Company report to this Commission in detail, supported by the affidavit of one of its principal officers, its doings hereunder within thirty days after said purchase shall have been completed.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Re Central Maine Power Company; application for authority to purchase properties and franchises of certain public utilities.

U. No. 524.

Re Oxford Electric Company; application for authority to sell properties and franchises.

U. No. 525.

Re Knox County Electric Company; same.

U. No. 526.

Re Readfield Light and Power Company; same.

U. No. 527.

Re Winthrop and Wayne Light and Power Company; same.

U. No. 528.

Re Yarmouth Electric Company; same.

U. No. 529.

Re Maine Power Corporation; same.

U. No. 530.

JULY 14, 1921.

Trafton & Greenlaw, Commissioners.

Appearances: Everett H. Maxcy and William B. Skelton, for Petitioners.

These are petitions by the Central Maine Power Company for authority to purchase, and by the other companies named in the caption for authority to sell to it, under the provisions of section 40, chapter 55, Revised Statutes, as amended by chapter 65, Public Laws of 1919, all of the plants, properties, rights, privileges, powers, franchises (excepting their respective franchises to be corporations) permits and locations of said several corporations, to wit: the Oxford Electric Company, the Knox County Electric Company, the Readfield Light and Power Company, the Winthrop and Wayne Light and Power Company, the Yarmouth Electric Company, and the Maine Power Corporation, all in consideration of the assumption by the Central Maine Power Company of all of the debts, liabilities, public duties and obligations of the said several selling corporations, and all subject to the lien of a certain indenture of mortgage dated as of June 1, 1921, in which said several selling companies are authorized to join by decree of this Commission of even date herewith in U. Nos. 532 to 538 inclusive, respectively.

Public notice was ordered on all of said petitions, and proved as ordered. Hearing was held on the same at Augusta, July 12, 1921. No one appeared in opposition in any case.

Evidence was presented at length in support of the several petitions, and it appears, and we so find, that the Central Maine Power Company now holds, either directly or through subsidiary corporations whose stock it holds, all or substantially all of the equity in the several corporations; that it is now operating them as part of its system substantially as a unit, except that it is compelled to keep separate accounting and reporting systems; that by virtue of its charter and rights which it has lawfully acquired heretofore and by virtue of the authority of said section 40, chapter 55, of the Revised Statutes, as amended by chapter 65 of the Public Laws of 1919, it may legally acquire said properties and franchises and exercise the same; and that

the proposed purchase and sale is consistent with the public interest.

Now, therefore, after public notice and hearing and mature consideration of the evidence, it is

ORDERED, ADJUDGED AND DECREED

1. That the Oxford Electric Company, the Knox County Electric Company, the Readfield Light and Power Company, the Winthrop and Wayne Light and Power Company, the Yarmouth Electric Company, and the Maine Power Corporation, each and every of them, be, and they hereby are, authorized to sell to the Central Maine Power Company their respective plants, properties, rights, privileges, powers, franchises (excepting their respective franchises to be a corporation) permits and locations, each in consideration of the assumption by the Central Maine Power Company of all of its respective debts, liabilities, public duties and obligations, and all subject to the lien of a certain indenture of mortgage, dated as of June 1, 1921, in which said several selling corporations are authorized to join by decree of this Commission of even date herewith in the U. Nos. 532 to 538 inclusive, respectively;

2. That the Central Maine Power Company be, and it hereby is, authorized to purchase the aforesaid properties, rights and franchises, for the consideration and subject to the terms and conditions aforesaid.

3. That said Central Maine Power Company, upon the purchase, as aforesaid, of each and every of the said properties, rights and franchises, shall forthwith and continuously thereafter, unless and until otherwise ordered, exercise all of said franchises and perform all of the public duties and obligations of said several companies as they now are bound by law to do.

4. That the said Central Maine Power Company shall hold the capital stock of each and every of said companies in its own treasury, in the treasury of one of its subsidiary companies, or on deposit with the trustee under Central Maine Power Company's said indenture of mortgage dated as of June 1, 1921, and shall not reissue or sell the same to the public, except that it may retain in the hands of responsible persons, whom it may select, not exceeding ten (10) shares of the capital stock of each of said

companies for the purpose of maintaining a complete organization thereof and of qualifying directors.

5. That said Central Maine Power Company report to this Commission in writing, supported by the affidavit of one of its principal officers, its doings hereunder within thirty days from this date, and thereafter when and as ordered.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Re Lewiston Gas Light Company; application for approval of issue of securities.

U. No. 566. SEPTEMBER 29, 1921.

Appearances: William B. Skelton, President, for the Petitioner; Trafton and Greenlaw, Commissioners.

The Lewiston Gas Light Company filed petition dated September 19, 1921, setting forth the necessity of issuing additional securities to reimburse its treasury for capital expenditures; or in lieu thereof to definitely convert a part of its accumulated surplus to capital account through the issue of a stock dividend to represent the same, instead of declaring a cash dividend and selling additional securities to accomplish the same result. The prayer of the petition is in the alternative, asking either that a sale of \$50,000 of 7% preferred stock be authorized at ninety (90), or that a preferred stock dividend of that amount be permitted.

Notice by publication was ordered and proved, and public hearing was held at Augusta, September 27, 1921, as ordered.

It was shown at the hearing, that the petitioner is a corporation organized under chapter 147, Private and Special Laws of 1853, charged with the performance of a public duty. The legislature of 1921, authorized it to increase its capital stock to \$1,000,000, at once or from time to time, and to issue the same as common or preferred stock, or partly in each.

The stockholders, at a meeting held September 23, 1921, authorized a present increase of \$500,000 by the issue of \$100,-

000 of 7% cumulative, non-voting, preferred stock, and voted to declare a stock dividend of 12½% on its present outstanding stock of \$400,000, payable in this preferred stock to its present stockholders pro rata. Proper return thereof has been made to the Secretary of State, the statutory fees paid, and his certificate of this increase procured.

The petitioner now has accumulated undivided profits exceeding \$100,000 exclusive of its reserves for depreciation and other purposes. It may lawfully distribute any part of this as cash dividends without procuring the consent of this Commission. It shows, however, that it is making extensive additions to its plant, including some three miles of new mains during the present year, and that it intends to make further extensions as fast as it can be done without unreasonable burdens upon its existing customers; and that this will require additional capital. For this reason, the stockholders prefer to leave a considerable part of the present earnings in the corporation and to take evidences of their ownership therein in lieu of drawing out the cash.

The principal question is, whether this may properly be permitted.

As a check upon the propriety of this action, and in part to show that it would not result in over-capitalization, the petitioner presented the result of three analyses, in substance as follows:

1. The present capitalization is \$600,000, consisting of \$400,000 common stock and \$200,000 bonds. This Commission found in F. C. 195, October 28, 1920, without attempting to fix an actual valuation, that the capital assets of the company were not less than \$650,000. The evidence now presented shows additions not then considered amounting to \$30,301.08, making a total of \$680,301.08, against which the total capitalization, when the present purpose is accomplished, would be \$650,000.

2. In discussing the facts before us in F. C. 195, stress was placed upon the book value of the assets as one test of valuation. The present balance sheet shows this to be \$652,029.08, which also is in excess of the present proposed capitalization.

3. In *Hines et als. vs. this Petitioner*, F. C. 56, this Commission held that a 7% return on the value of the capital assets would not be excessive for this company. On the unit prices of labor and materials prevailing during the five and one-half

years since that complaint was instituted it is probable that the average current value of the plant with reasonable allowance for working capital has been at least \$600,000 without passing upon the reasons advanced in F. C. 195 to justify a much greater value. On this basis, the petitioner shows:

That at 7% on this average value it would have		
been entitled to draw out in 5½ years.....	\$231,000	00
That it has drawn, in interest on bonds	\$44,000	
In dividends	122,500	166,500 00
		<hr/>
Balance to net 7%.....		\$65,500 00

So that, if it now takes down \$50,000 in a stock dividend it will still be short \$15,500 of the 7% found to be fair, without any consideration of that part of the surplus which was accumulated prior to 1916 and has been reinvested in property for the service of the public.

We conclude that it is better for the future of the company that so much of the profits as are involved in this petition remain in the property, as the stockholders wish, and that this action will not result in an over-capitalization thereof.

Now, therefore, after public notice, proof thereof, and hearing, and on mature consideration of the evidence, it is

ORDERED, ADJUDGED AND DECREED

1. That the sum of the capital to be secured by the issue of said stock is required in good faith for purposes enumerated in section 37, chapter 55, Revised Statutes, as amended;

2. That the Lewiston Gas Light Company be, and it hereby is, authorized to make a stock dividend of twelve and one-half (12½) per cent on its present common capital stock of four hundred thousand (\$400,000) dollars, to-wit, a stock dividend of fifty thousand (50,000) dollars, payable in seven (7) per cent cumulative, non-voting, capital stock, preferred as to principal and dividends, to be divided pro rata among its present stockholders and charged to its present surplus, and to issue its said preferred capital stock accordingly;

3. That it make return of its doings hereunder in detail, verified by the oath of one of its principal officers, within ten days after said stock shall have been issued.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Hallowell Water District: Application for approval of issue of securities.

U. No. 545. AUGUST 18, 1921, NOVEMBER 14, 1921.

Trafton and Greenlaw, Commissioners.

Appearances: Mr. George A. Safford for the Petitioner.

This is an application of the Hallowell Water District, a public utility under the jurisdiction of this Commission, for authority to issue its five per cent twenty year bonds at par, in the aggregate par amount of \$35,000. On this petition a public hearing was held at the offices of the Public Utilities Commission, in Augusta, on August 17, 1921, at ten o'clock in the forenoon, standard time. Notice was proved to have been given as ordered and the appearances were as above stated.

The Hallowell Water District was incorporated under chapter 75 of the Private and Special Laws of 1921, for the purpose of supplying the inhabitants of said city with pure water for domestic, sanitary and municipal purposes, and was duly organized according to law. Under the provisions of the act, all of plant, property and franchises of the city of Hallowell used for the purpose of maintaining a public water supply became vested in the Hallowell Water District. Section twelve of said act provides that the water district shall assume the existing indebtedness of the city of Hallowell incurred in the establishment and maintenance of its water supply to the extent of twenty thousand dollars. For the purpose of refunding said indebtedness and to procure such further sums as may be necessary to perfect and improve the existing sources of water supply, and to secure new sources of supply, when necessary, said water district, through its trustees and subject to the approval of the Public Utilities Commission, is authorized to issue its bonds to an amount sufficient for said purposes.

The petitioner represents and we find that the company requires the sum of \$20,000.00 for the purpose of refunding the existing indebtedness of the city of Hallowell assumed by the water district under the provisions of the aforesaid act, and the sum of \$15,000.00 to pay land damages and for the completion

of the reservoir and for other necessary additions and improvements of its plant.

These purposes are in accordance with the provisions of the law under which the company is operating, and the funds to be secured are necessary to the successful operation of the company.

The prayer of the petitioner ought to be granted and it is, therefore,

ORDERED, ADJUDGED AND DECREED

1. That the sum of the capital to be secured by the issue of the bonds hereinafter authorized is required in good faith for the purposes enumerated in section 37 of chapter 55 of the Revised Statutes.

2. That the Hallowell Water District be and it hereby is authorized to issue its five per cent twenty year bonds in the aggregate par amount of \$35,000.00 and to sell the same at not less than par thereof, and to apply the proceeds of such sale as follows:

(a) \$20,000.00 for the purpose of refunding the existing indebtedness of the city of Hallowell, incurred previous to July 13, 1921, in the establishment and maintenance of its water supply.

(b) \$15,000.00, or so much thereof as may be required, for the purpose of paying land damages for land which has been seized by said water district, and for the completion of the reservoir and for the construction of such pipe lines as are necessary in connection with the use thereof;

(c) The balance, if any, to be expended for any of the purposes authorized under the provisions of said section 37 of chapter 55 of the Revised Statutes, and under the aforesaid act incorporating said Hallowell Water District.

3. That said Hallowell Water District report to this Commission in detail its doings hereunder, in writing signed by one of its principal officers, within six months from date hereof, and thereafter when and as ordered.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Application of Hallowell Water District for modification of the Commission's order of August 18, 1921.

U. No. 545.

Gurney, Trafton and Green'aw, Commissioners.

Appearances: Mr. George A. Safford for the Petitioner.

This is an application of the Hallowell Water District for a re-opening of the case and modification of the Commission's order of August 18th, 1921, authorizing the company to issue and sell its five per cent twenty year bonds in the aggregate par amount of \$35,000, said bonds to be sold at not less than par thereof and the proceeds to be applied as specified in said order of said Commission.

The petitioning district now requests that said order be modified relative to the price at which said bonds were to be sold, representing that said district "finds it impossible to sell the said bonds at par, owing to the present money conditions and the high rate of interest such securities are now bringing."

After hearing thereon and upon mature consideration, it is

ORDERED, ADJUDGED AND DECREED

that said order of August 18, 1921, by said Commission, be modified in paragraph numbered 2nd thereof, by striking out the words "at not less than par thereof," and inserting in place thereof the words "at not less than 98 (ninety-eight) per cent of the par value thereof and accrued interest, the discount on said bonds to be amortized during the life of the bonds, and the annual amortization charge to be deducted from income," so that said paragraph 2 of said order, adjudgment and decree, as now effective, will read as follows:

2. That the Hallowell Water District be and it hereby is authorized to issue its five per cent twenty year bonds in the aggregate par amount of \$35,000 and to sell the same at not less than 98 (ninety-eight) per cent of the par value thereof and accrued interest, the discount on said bonds to be amortized

during the life of the bonds, and the annual amortization charge to be deducted from income, and to apply the proceeds of such sale as follows:

(a) \$20,000.00 for the purpose of refunding the existing indebtedness of the city of Hallowell, incurred previous to July 13, 1921, in the establishment and maintenance of its water supply.

(b) \$15,000.00, or so much thereof as may be required, for the purpose of paying land damages for land which has been seized by said water district, and for the completion of the reservoir and for the construction of such pipe lines as are necessary in connection with the use thereof.

(c) The balance, if any, to be expended for any of the purposes authorized under the provisions of said section 37 of chapter 55 of the Revised Statutes, and under the aforesaid act incorporating said Hallowell Water District.

Otherwise, except as herein modified, said order, adjudgment and decree is to be of full force and effect.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

In the matter of application of the Central Maine Power Company, petitioner, for approval of issue of securities.

U. No. 583. FEBRUARY 28, 1922, MARCH 3, 1922.

Gurney, Chairman; Trafton and Greenlaw, Commissioners.

By its petition, dated December 30, 1921, the Central Maine Power Company asks this Commission to approve the issue of bonds to the amount of \$369,000.00 or such lesser amount as the Commission may determine under the authority conferred upon the Commission by section 37 of chapter 55 of the Revised Statutes of 1916, as amended by chapter 128 of the Public Laws of 1919.

On February 1st, 1922, the Commission ordered that a public hearing be held at the office of the Commission in Augusta on February 8, 1922, at ten o'clock in the forenoon. The petitioner

was ordered to give public notice of the hearing by causing to be published in one issue of the Daily Kennebec Journal, a public newspaper printed and published in said Augusta in the county of Kennebec and State of Maine, "a like copy of said order five (5) days at least before the date of said hearing."

The clerk of the Commission was ordered to give notice of the hearing to the petitioning corporation by causing to be sent by mail to its counsel of record, Mr. Everett H. Maxcy, a copy of the Commission's order, certified by the clerk, five days at least before the date set for said hearing. Both these orders of notice were duly and accurately complied with. The public hearing, so ordered, was held at the time and place specified in the order.

The petitioning public utility was represented by its counsel: Mr. William B. Skelton and Mr. Everett H. Maxcy. No opponent to the petition appeared. The petition expresses the desire of the Central Maine Power Company, as embodied in the vote of its directors at a meeting of the Board of Directors held at Augusta, Maine, on December 30, 1921, (which said meeting of said Board of Directors, this Commission finds was duly and properly called agreeably to the by-laws of the corporation, and was attended by a quorum qualified to transact the business before it), to issue the bonds, we are now considering, as "Series B," under the First and General Mortgage Indenture dated June 1, 1921. This indenture of mortgage was the subject of consideration by this Commission at a public hearing held July 12, 1921, and its execution was authorized by decree of the Commission dated July 14th, 1921, in cases numbered U. No. 532, 533, 534, 535, 536, 537 and 538 inclusive.

It should be observed that the mortgage indenture itself sets certain limitations upon the issue of bonds. We have already held that the terms of a trust mortgage are to be followed in a later issue of securities, previous issues having been made thereunder. Re Westbrook Gas Co., P. U. R. 1915, B 358. Without conflict with the terms of the mortgage deed, bonds may be issued under it, among other things, for (1) "First Lien Properties" (Article IV), i. e. Additional Property, (2) For Refunding Purposes, (Article VI). The bonds to which the present petition relates include both of these classes, that is (1) Additional Property, (2) Refunding Purposes. The limitations

occurring in the mortgage indenture relative to the issue of additional bonds are found in section 26 of Article IV and are as follows:

"Additional bonds may be issued pursuant to the provisions of this article to the extent at their face value of seventy-five per cent (75%) of the amount of additional property of the character described in this article, subjected to the lien of this mortgage as a first lien or as a lien subject only to the refundable divisional liens listed in section 36 of article V, when the maintenance requirements of article IX and the net earnings requirements of this article shall have been complied with and when proofs and authorizations conforming to the provisions of this article and evidencing compliance therewith shall have been submitted to the trustee, all as in this article more fully provided."

We must always have in mind, therefore, these two limitations of the mortgage indenture, (a) Bonds are to be issued at their face value of seventy-five (75) per cent of the amount of additional property described, (b) When the maintenance requirements of Article IX and the net earnings requirements of this article shall have been complied with. The petitioning utility submitted exhibits of its expenditures for purposes which are properly the subject of capitalization as first lien properties or additional property as these terms are defined in sections 27 and 28 of Article IV of the mortgage indenture, amounting to \$649,532.39, which were substantiated as having been made by witnesses to whose testimony we feel fully justified in extending full credit. Our chief accountant, Mr. Albert E. Lamb, had independently made his examination of these items and his report to the Commission confirms the fact of such expenditures.

The petitioning utility, however, allocated to maintenance, repairs, renewals and replacements, an amount of additional property amounting to \$37,653.53, agreeably to subsection (c) of section 48 of Article IX of the First and General Mortgage, which amount was deducted from the total amount of additional property, leaving a balance of \$611,878.86.

Therefore, if bonds are issuable at all under Article IV of the mortgage indenture, the amount of such bonds based upon the "additional property" requirement, would be seventy-five per cent of \$611,878.86—or a total of \$458,909.15.

It is, as we have seen, however, a further condition precedent to the issue of such bonds that (Sec. 30) "the net earnings of the company calculated as provided in this section 30 for twelve consecutive calendar months within the fourteen calendar months immediately preceding the application for certification of such bonds, shall be in the aggregate not less than the greater of the following:

"(a) One and three-quarters ($1\frac{3}{4}$) times the annual interest charges upon all bonds outstanding or certified, but unissued under this mortgage and those applied for and upon all outstanding divisional lien bonds not deposited with the trustee, or

"(b) Ten per cent (10%) of the aggregate principal amount of all such bonds (including divisional lien bonds) or twice the annual interest charges upon all such bonds, whichever is less."

On December 31, 1921, the bonds outstanding amounted at their face value to \$8,702,500.00 and the annual interest thereon amounts to \$492,527.50. Inasmuch as the provisions of subsection (a) of paragraph 1 of section 30, Article IV, providing that the annual interest charges on bonds outstanding or certified but unissued and *those applied for* and upon all outstanding divisional lien bonds not deposited with the trustee, require a greater earning result than the alternatives specified in subsection (b) of the same paragraph 1 of section 30 of Article IV, it controls and necessitates proof that such net earnings are equal to said $1\frac{3}{4}\%$.

The net earnings for the period of twelve months ending December 31, 1921, were..... 974,397 08

$1\frac{3}{4}$ times the interest on the outstanding bonds

of \$8,702,500.00 ($1\frac{3}{4} \times \$492,527.50$) is..... 861,923 13

Leaving for interest charges on bonds requested

under this petition \$112,473 95

This amount of \$112,473.95 equals $1\frac{3}{4}$ times the amount of \$64,270.83, which is the interest on more than a million dollars at 6% and is more than the interest on \$900,000 at 7%. As the requested issue of bonds is less than \$900,000 at 6%, the issue is not prohibited by the terms of the mortgage indenture above referred to. In arriving at this result, we should be mindful that \$369,000 of the total here authorized are bonds issued to refund other bonds for the same amount.

The conditions preceding, that we have already mentioned, however, are not alone a sufficient compliance with the terms of the mortgage indenture. In section 48 of the Article IX, the company covenants, among other things, that between June 1st, 1921 and Dec. 31st, 1921, and during any period at the end of which it shall apply for the use of any additional property as the basis of any action hereunder, that is, in the instant case, the issuance of bonds on the basis of the acquisition of additional property, it or it with its associated companies mentioned in said mortgage, will

(a) Expend for maintenance and repairs of the mortgaged property a sum of money, or

(b) Deposit with the trustee on account of maintenance, repairs, renewals and replacements a sum of money, or

(c) Allocate to maintenance, repairs, renewals and replacements an amount of additional property which shall not be less than the sum of the following allowances:

(a) 25% of the gross operating revenues from traction properties covered by the mortgage indenture, and

(b) 15% of the gross operating revenues from other properties covered by said mortgage (not including, however, in either case, earnings from outside sources during such period).

It was in evidence at the hearing that the gross earnings during the seven months period from June 1st, 1921 to Dec. 31, 1921, were as follows:

Gross Earnings:

Electric Operation	\$1,094,730 07	15% is	\$164,209 51
Gas Operation	108,209 47	15% is	16,231 42
Railway Operation	88,192 47	25% is	22,048 12

Total Gross Earnings, \$1,291,132 01	\$202,489 05
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During the same period the expenditures for maintenance, according to the evidence submitted to this Commission, amounted to \$164,835.52, which amount is \$37,653.53 less than the amount of \$202,489.05, the total gross earnings required from traction properties and other properties as set forth in section 48 of said mortgage indenture. This amount of \$37,653.53, the company deducts from the "amount of additional property," against which it seeks to issue bonds and allocates it

to "maintenance, repairs, renewals and replacements" under section 48 of Article IX, to which we have already referred.

The petitioning utility also in its petition as amended, asks to be allowed to issue bonds for the purpose of refunding certain of the refundable divisional lien bonds listed in section 36 of Article V and specifically enumerated as follows:

Central Maine Power Company, First Mortgage	
5's of 1939	\$52,000 00
Newport Light & Power Company, First Mortgage	
5's of July 1, 1922.....	10,000 00
Sagadahoc Light & Power Company, First Mortgage	
4½'s due April 1, 1922.....	200,000 00
Dover & Foxcroft Light & Heat Company, First Mortgage	
4's matured October 1, 1921.....	40,000 00
Dover & Foxcroft Light & Heat Company, Second Mortgage	
4's due October 1, 1922.....	17,000 00
Yarmouth Manufacturing Company, First Mortgage	
4's matured March 1, 1917.....	12,000 00
Yarmouth Lighting Company Consolidated Refunding Mortgage	
5's due 1932.....	38,000 00

Certain of these bonds, namely, Central Maine Power Company First Mortgage to State Street Trust Company, Trustee, dated November 1st, 1909, maturity, November 1st, 1939, 5's, to the extent of \$52,000, and Dover & Foxcroft Light & Heat Company First Mortgage to Kineo Trust Company, Trustee, dated October 1st, 1901, maturity October 1st, 1921, 4's, to the extent of \$40,000, and Yarmouth Manufacturing Company First Mortgage, 4's, due March 1, 1917, \$12,000, were paid by the Central Maine Power Company from money in its treasury, and it now asks in its amended petition that this amount of \$104,000 be restored to the treasury from the proceeds of the sale of these bonds under the First and General Mortgage to the extent of \$104,000. The other bonds in the list hereinbefore set forth, amounting to \$265,000, are to be paid from the proceeds of the bond issue asked for at this time. This request should be granted and we shall approve the issue of bonds to the amount of \$369,000 for the purpose of reimbursing the treasury and for the retirement and re-payment and refunding of such other bonds in the list as have not already been redeemed.

Thus far, we have discussed the issue of bonds with reference to the terms of the mortgage indenture but we find that the amount of money for which bonds may be issued, namely, \$827,900 (actually \$827,909.15) are in harmony with section 37 of chapter 55 of the Revised Statutes of Maine, as amended by chapter 128 of the Public Laws of 1919.

We feel constrained to say, however, that we do not think that the situation justifies the issuance of these bonds at 93 per cent of their par value and we cannot so order. They may be sold, however, at a price not less than 95 per cent of their par value.

It is, therefore,

ORDERED, ADJUDGED AND DECREED .

(1) That, prior to the issuance of the bonds herein authorized, this order of the Commission shall be recorded in full upon the books of the Central Maine Power Company;

(2) That in the opinion of the Commission the sum of \$327,900, to be secured by the issue of said bonds, is required in good faith for purposes enumerated in section 37 of chapter 55 of the Revised Statutes of 1916, as amended by chapter 128 of the Public Laws of 1919;

(3) That the Central Maine Power Company be and it hereby is authorized to issue \$827,900 in bonds, to be known as Series B, and to be secured by the lien established by the First and General Mortgage hereinbefore referred to, said bonds to mature January 1st, 1942, to bear interest at the rate of 6% per annum, payable semi-annually on the first days of January and July in each year; said bonds to be redeemable before maturity by said company or the Trustee, according to the mortgage indenture from the said Central Maine Power Company to the Old Colony Trust Company, hereinbefore referred to, and the vote of the Trustees of said Central Maine Power Company;

(4) That said Central Maine Power Company be now authorized to issue and to sell at not less than 95% of the par value thereof and accrued interest, Series B, First and General Mortgage Gold Bonds, due in 1942 and bearing interest at the rate of 6% per annum, payable semi-annually; the proceeds thereof to the amount of \$265,000, to be used for the redemption and retirement of the following bonds:

Newport Light & Power Company First Mortgage 5's of July 1, 1922.....	\$10,000 00
Sagadahoc Light & Power Company First Mortgage 4½'s due April 1, 1922.....	200,000 00
Dover & Foxcroft Light & Heat Company Second Mortgage 4's due October 1, 1922.....	17,000 00
Yarmouth Lighting Company Consolidated Refund- ing Mortgage 5's due 1932.....	38,000 00
\$104,000 thereof to be used for the reimbursement of the treasury of said corporation for money by it used for the dis- charge and retirement of the following bonds:	
Central Maine Power Company First Mortgage 5's of 1939	\$52,000 00
Dover & Foxcroft Light & Heat Company First Mortgage 4's matured October 1, 1921.....	40,000 00
Yarmouth Manufacturing Company First Mortgage 4's matured March 1, 1917.....	12,000 00

The discount on said bonds is to be amortized over the period of the life of said bonds, and annually each year's proportion of such discount is to be deducted from the income in accordance with the rules of the Commission's Classification;

(5) That said company report to this Commission in detail, supported by the oath of one of its principal officers, its doings hereunder, within twenty (20) days after the first day of March, 1922.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Application of the Central Maine Power Company for modifica-
tion of the Commission's order of February 28, 1922.

U. No. 583.

Gurney, Trafton and Greenlaw, Commissioners.

Appearances: Mr. Water S. Wyman for the petitioner.

This is an application of the Central Maine Power Company for a reopening of the case and modification of the Commission's order of February 28, 1922, authorizing the company to issue and sell its 6% bonds to the amount of \$869,000, or such lesser amount as the Commission may determine, said bonds to be sold

at not less than 95, and the proceeds to be applied as specified in said order of said Commission.

The petitioning company now requests that said order be modified relative to the price at which said bonds were to be sold, representing that said company "finds it impossible to sell the said bonds at 95 owing to the present money conditions and the high rate of interest such securities are now bringing."

And now, on motion, said petitioner representing their inability to sell bonds Series B, 6%, maturing in 1942, after consideration by said Commission, it is

ORDERED, ADJUDGED AND DECREED

1. That prior to the issuance of said bonds, this order and decree shall be recorded on the records of said utility.
2. That paragraph 4 in the second line is hereby amended by striking out the words "95" and inserting in place thereof the words "94."
3. Except as herein modified, the said decree is to remain of full effect.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Application of Cumberland County Power & Light Company for approval of issue of preferred stock to the amount of \$230,000 as a stock dividend.

U. No. 584. MARCH 22, 1922.

Gurney, Chairman; Trafton and Greenlaw, Commissioners.

This is an application by the Cumberland County Power & Light Company, a public utility organized under the laws of the State of Maine and engaged in the business of furnishing electric light and power to the public. Its principal office is located at Portland in the county of Cumberland in the State of Maine. Its petition bears the date of February 1st, 1922. Under date of February 3rd, 1922, this Commission ordered that a public hearing be held at the offices of the Public Utilities Commission

at the State House in Augusta on Thursday, February 23rd, 1922, at 10 o'clock in the forenoon, and the Clerk of the Commission was ordered to give notice of said hearing to the said petitioner by sending by registered mail to its treasurer, a copy of this order, certified by said clerk, seven (7) days at least before the date of said hearing, and further, it was ordered that the petitioner give public notice of said hearing by causing to be published in one issue of the Portland Evening Express a like copy of said order, seven (7) days at least before said date of hearing. These notices were duly given in accordance with the orders therefor. At the time of the hearing, Messrs. Verrill, Hale, Booth and Ives appeared for the petitioner, while no one appeared in opposition.

The total authorized capital stock of this corporation is not less than two hundred fifty thousand dollars (\$250,000) nor more than ten million dollars (\$10,000,000), as the stockholders from time to time determine, divided into shares of one hundred dollars (\$100), as provided by chapter 226 of the Private and Special Laws of 1913. At the time of said petition there had already been issued and were then outstanding one million three hundred forty-eight thousand four hundred dollars (\$1,348,400) of common stock and two million three hundred thousand dollars (\$2,300,000) of preferred stock. The by-laws of the company provide in Article XII as follows:

"The directors may declare from the net profits or surplus of the company, dividends upon its capital stock, payable at such times and for such amounts as they may determine in conformity with the laws under which the company is organized."

The preferred stock was issued by the company with the following conditions and agreements:

"The holders of the preferred stock are entitled to receive when and as declared out of the surplus or net profits of the Company dividends at the rate of six per centum (6%) per annum and no more, payable as the Board of Directors may determine, before any dividends shall be set apart for or paid upon the common stock. The dividends upon the preferred stock shall be cumulative from and after February 1, 1912. Accumulations of dividends upon the preferred stock shall not bear interest. The Board of Directors may pay dividends upon the common stock provided the dividends upon the preferred

stock, with all accumulations, including accrued dividends up to the date of the payment of the common stock dividends, shall have been paid in full, or a sum sufficient for the payment thereof shall have been set apart for that purpose, but not otherwise."

It will be observed that both the by-laws and the provisions of the preferred stock provide that dividends are to be payable as the Board of Directors may determine, but the preferred stock requirement is that dividends shall be cumulative from and after February 1st, 1912, and that no dividends shall be paid upon the common stock until the dividends upon the preferred stock, with all accumulations, shall have been paid in full, or a sum sufficient for the payment thereof, shall have been set apart for that purpose.

Under the terms of the preferred stock on August 1st, 1918, a dividend at the rate of 6 per centum per annum, being $1\frac{1}{2}$ per cent for the quarter, had been accrued, but the company failed to meet such dividend, and it made no other payment on the preferred stock until February 15th, 1921, when a 6 per cent cash dividend was paid upon the preferred stock; this payment covering all arrearages from August 1st, 1918 to May 1st, 1919. The dividends on the preferred stock, accruing August 1st, 1919, remained unpaid, and the company has since passed all dividends until May 1st, 1921, so that from the period beginning August 1st, 1919, to and including February 1st, 1921, no payments of such dividends have been made. Seven quarterly dividends at $1\frac{1}{2}$ per cent per quarter or at the rate of 6 per centum per annum, have thus accrued. These quarterly dividends, based upon the amount of two million three hundred thousand dollars (\$2,300,000) preferred stock, at the rate of 6 per centum per annum, aggregate thirty-four thousand five hundred dollars (\$34,500) a quarter, so that the total arrearages, to and including February 1st, 1921, aggregate the sum of two hundred forty-one thousand five hundred dollars (\$241,500). It is contemplated in the present instance and the company has voted to pay the amount of eleven thousand five hundred dollars (\$11,500) in cash upon such accrued dividends, leaving the sum of two hundred thirty thousand dollars (\$230,000) to be paid by a stock dividend. The money usable for these dividends has become part of the surplus of the company and has been used for the extension of the company's plant and for other purposes which

are proper subjects of capitalization. Our chief accountant, after his examination of the subject, reports that the surplus of the company on January 1st, 1922, was greater than the amount required for the payment of the preferred dividends to February 1st, 1921, to wit: the sum of two hundred forty-one thousand five hundred dollars (\$241,500). The directors, therefore, would be authorized by the law and by the by-laws of the company to pay these dividends in cash, but as the company contemplates the erection of a new steam power house with an initial installed capacity of about 14,000 H. P., constructed to permit indefinite expansion, as the market for electricity may require, it was felt by the stockholders and by the directors of the company, that before offering their securities with which to finance the erection of the proposed steam power house for sale to the public, good business judgment required the discharge of the company's obligation to pay the accrued dividends upon its preferred stock. The proposition, therefore, was submitted to the stockholders for them to determine whether they would accept stock of the company in payment of such accrued dividends upon the preferred stock. This meeting of the stockholders was held on Wednesday, February 1st, 1922, at Portland, Maine. The meeting was called in accordance with the provisions of the by-laws and a quorum of stockholders were present, and the stockholders then voted as follows:

Voted, That the capital stock of this corporation be increased from the amount heretofore fixed by the stockholders by adding thereto 2300 shares of the par value of \$100 each, which additional shares shall be preferred stock with the same preferences and with the certificates in the same form as the existing preferred stock issue, so that the preferred stock now consisting of 23,000 shares of a total par value of two million three hundred thousand dollars (\$2,300,000), would be increased to 25,300 shares of a total par value of two million five hundred thirty thousand dollars (\$2,530,000);

Voted, That such two hundred thirty thousand dollars (\$230,000) of additional preferred stock be distributed to the preferred stockholders of the company of record as of January 15th, 1922, as a ten per cent dividend upon their existing holdings of such preferred stock, on account of accumulated arrears in dividends upon such outstanding preferred stock;

Voted, That the action of the Directors of the Company, taken January 16, 1922, in voting a dividend of two hundred thirty thousand dollars (\$230,000) upon the existing preferred stock of the company, as of January 15, 1922, on account of accumulated arrears in dividends upon said preferred stock, to be paid in additional preferred stock of the company at par, and further providing for the issue of preferred dividend scrip for portions of even shares of such preferred stock, be and the same is hereby approved. These votes were duly passed by the requisite majority required by Article IV of said by-laws governing stockholders' meetings.

Anterior in time to the holding of the stockholders' meeting, to which we have just referred, a special meeting of the directors of the company was held December 28, 1921, at the office of the company in Portland, Maine, for which proper notices calling said meeting had been issued and which meeting was duly attended by a quorum. The directors at this time voted "that a dividend of two hundred forty-one thousand five hundred dollars (\$241,500) upon the preferred stock of the company, be and it is hereby declared payable on or after February 1st, 1922, to the holders of record of such preferred stock on January 15, 1922, as follows:

Ten per cent (\$230,000) upon the outstanding preferred stock of the company in additional preferred stock of the company at par and eleven thousand five hundred dollars (\$11,500) in cash."

It was further voted that if approved by such Commission, (The Public Utilities Commission of Maine), that dividend be paid on or after February 1st, 1922, to stockholders of record of the company upon January 15th, 1922, and that in cases where an even distribution of \$100 par value shares of preferred stock, cannot be made to stockholders because their holdings of preferred stock are not in blocks of ten shares or multiples thereof, the company issue and deliver to such stockholders its preferred dividend scrip for any fractions of \$100 shares, entitling the holders of such scrip to exchange the same within eleven months from February 1st, 1922, at the agencies of the company in aggregates of \$100 par value or multiples thereof for same aggregates in par value of shares of the preferred stock of the company, and that such scrip shall bear no interest and shall become null and void if not exchanged for shares of pre-

ferred stock on or before January 1st, 1923. At a subsequent meeting of the Board of Directors, for which proper call had been made and which was attended by a quorum, this action taken at the meeting of December 28, 1921, was ratified and approved.

We have already had occasion to declare that it was within the power of this Commission to authorize the issue of stock of a corporation as a stock dividend. See *Mars Hill and B'aine Electric Light & Water Company*, P. U. R. 1916 C, Page 603.

We have also taken occasion in subsequent cases to point out that the amount of stock issued by a corporation does not serve as a basis for rate-making and in no sense determines the rates that the public must pay for the service provided by such utilities. Under our statute utilities are entitled to receive a fair return upon the fair value of all of its property, and the value of this property is never determined by the amount of capital stock issued and outstanding. The theory upon which the instant case is decided is that the preferred stockholders had put their money into the company and it had been used to purchase portions of the plant and equipment, and such stockholders were entitled to a return upon their money so invested. Instead of receiving such return it was allowed to accumulate and was used by the company until such time as the directors might declare a dividend and take it from the treasury of the company for distribution as a dividend to the stockholders. The stockholders have now voted that instead of taking the money they will take it in the form of stock, and the present case is not different from what it would be if the money were paid to the stockholders and they immediately returned it to the corporation for the purchase of such stock. The Supreme Court of the United States has recently declared this principle as follows:

"A stock dividend really takes nothing from the property of the corporations and adds nothing to the interest of the shareholders. Its property is not diminished and their interests are not increased. After such a dividend, as before, the corporation has the title in all the corporate property; the aggregate interests of all the stockholders are represented by the whole number of shares; and the proportional interest of each shareholder remains the same. The only change is in the evidence which represents that interest, the new shares and the original shares

together representing the same proportional interest that the original shares represented before the issue of the new ones. *Gibbons vs. Mahon*, 136 U. S. 557."

Money earned by a corporation remains the property of the corporation, and does not become the property of the stockholders unless and until it is distributed among them by the corporation. The corporation may treat it and deal with it either as profits of its business or as an addition to its capital. Acting in good faith and for the best interests of all concerned, the corporation may distribute its earnings at once to the stockholders as income; or it may reserve part of the earnings of a prosperous year to make up for a possible lack of profits in future years; or it may retain portions of its earnings and allow them to accumulate, and then invest them in its own works and plant so as to secure and increase the permanent value of its property. Which of these courses shall be pursued is to be determined by the directors, with due regard to the condition of the company's property and affairs as a whole. When preferred stock has been issued, however, upon the contract that it is to receive dividends, preferential and cumulative, the directors are bound by such requirement in dealing with accumulated surplus derived from the earnings of the corporation unless the dividends contracted for have been paid. It is, of course, a reasonable requirement in authorizing such stock dividends that we have reasonable ground for belief that the company's net revenue will be sufficient to guarantee the payment of the dividend on the stock whose issue is contemplated. We have considered this fact in our study of the matter before us.

Upon mature consideration of the law applicable to this case and the facts as outlined above, it is

ORDERED, ADJUDGED AND DECREED

(1) That prior to the issuance of the stock herein authorized, this order of the Commission, as herein set forth, be recorded upon the books of the Cumberland County Power & Light Company.

(2) That the Cumberland County Power & Light Company be and it hereby is authorized to issue and distribute among the stockholders entitled thereto, capital stock of the aggregate par

value of two hundred thirty thousand do'lars (\$230,000), the same to be charged at par against the surplus existing at the time of the issuance of said stock.

(3) That the said Cumberland County Power & Light Company report to this Commission in detail, its doings hereunder, within three (3) months from the day of the date hereof, said report to be supported by the affidavit of one of its principal officers.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Application of Kennebec Water District for order authorizing
issue of securities.

U. No. 573. MAY 2, 1922.

Gurney, Chairman; Trafton and Greenlaw, Commissioners.

The Kennebec Water District is a quasi municipal corporation erected by the legislature by chapter 200 of the Private and Special Laws of 1899. It supplies water to the city of Waterville, Fairfield Village Corporation, the towns of Benton, Winslow and Vassalboro and the Central Maine Sanitorium in the town of Fairfield. Under the act creating it, the district acquired its property, works and plant, and issued bonds, from the proceeds of which it paid therefor. At the date of this petition, the district had outstanding according to the balance sheet filed with us, bonds aggregating nine hundred fifty thousand dollars (\$950,000) although it was in evidence that a portion of these has been purchased by the district which carries them as an asset collecting the interest as it matures and treating such bonds as if they were, in fact, bonds of some other corporation in which it was authorized to make investments.

The petition of the district, as amended, asks for an order authorizing the issue of bonds in the amount of two hundred twenty-five thousand do'lars (\$225,000) "for the purpose of paying necessary expenses and liabilities incurred under the provisions of said act, (chapter 200, Private and Special Laws of

1899 as amended by chapter 152, Private and Special Laws of 1905 and by chapters 116 and 117 of the Private and Special Laws of 1921) and to provide funds for paying necessary expenses to be incurred in making certain renewals, extensions, additions and improvements to the water plant of the district deemed necessary, in the judgment of the trustees, and for the completion, extension and improvements of its facilities, for improvement of its service and to reimburse its treasury for money used for the acquisition of property and the construction, completion, extension and improvement of its facilities; which said money actually was expended from income or other moneys in the treasury of the corporation, not secured by or obtained from the issue of stocks, bonds, notes or other evidences of indebtedness of said corporation."

Thus it will be seen from the examination of the laws hereinbefore referred to that the present petition is predicated upon the authority to issue bonds express'y given to the trustees by section 10 of the creating act (chapter 200, Private and Special Laws of 1899 as amended by chapter 152 of the Private and Special Laws of 1905); it is also based upon section 37 of chapter 55 of the Revised Statutes of 1916 as amended by chapter 128 of the Public Laws of 1919. Section 10 of chapter 200 aforesaid as amended by chapter 152 of the Private and Special Laws of 1905 ordains:

" 'Section 10. The trustees of the district may, for the purpose of paying any necessary expenses and liabilities incurred under the provisions of this act including the expenses incurred in acquiring the property of the Maine Water Company by purchase or otherwise, in securing sources of supply, taking water and land, paying damages, laying pipes, constructing, maintaining and operating a water plant, and making renewals, extensions, additions and improvements to the same, issue from time to time bonds of the district to an amount necessary in the judgment of the trustees therefor. Said bonds shall be a legal obligation of said water district, which is hereby declared to be a quasi municipal corporation within the meaning of section ninety-six, chapter forty-seven of the Revised Statutes, and all the provisions of said section shall be applicable thereto.' "

The original petition being duly and lawfully filed, this Commission ordered that a public hearing be held at the offices of

the Commission on February 7, 1922, at ten o'clock in the forenoon, and the Clerk of the Commission was directed to give notice of the hearing to the district by sending to it, by registered mail, a copy of the order certified by the Clerk, seven days at least before the date of said hearing. It was further ordered that the petitioning utility give public notice of the hearing by causing to be published in one issue of the Waterville Sentinel a like copy of said order seven days at least before the date of said hearing. These requirements of notice were duly complied with, and on February 7, 1922, a public hearing was held at the offices of the Commission in Augusta, Maine. The appearances were:

Messrs. Pattangall & Locke, Mr. Mark J. Bartlett, Mr. George K. Boutelle, for the Kennebec Water District, petitioner.

Mr. Harvey D. Eaton, pro se; Mr. George M. Chapman, for Fairfield Village Corporation.

The evidence established the passing of the following vote by the trustees of the district at a regular meeting attended by a quorum of the said trustees held at Waterville, November 22, 1921:

"That by virtue and in pursuance of chapter 200 of the Private and Special Laws of Maine for 1899 as amended by chapter 152 of the said Laws for 1905 and by chapters 116 and 117 of the said Laws for 1921 and for the purpose of paying necessary expenses and liabilities incurred under the provisions of said act; and to provide funds for paying necessary expenses to be incurred in making certain renewals, extensions, additions and improvements to the water plant of the District deemed necessary in the judgment of the Trustees, there be issued and sold bonds of the District to the amount of two hundred and twenty-five thousand dollars (\$225,000) which amount is declared necessary for the said purposes."

On March 21, 1922, the trustees, at a regular meeting duly held and attended by a quorum, passed the following vote without in any sense rescinding the vote of November 22, 1921:

"That by virtue and in pursuance of chapter 200 of the Private and Special Laws of Maine for 1899, as amended by chapter 152 of the said Laws for 1905 and by chapters 116 and 117 of the said Laws for 1921, and for the purpose of paying necessary expenses and liabilities incurred under the provisions

of said act; and to provide funds for paying necessary expenses to be incurred in making certain renewals, extensions, additions, and improvements to the water plant of the District deemed necessary in the judgment of the Trustees, and for the completion, extension and improvement of its facilities; for the improvement of its service and to reimburse its treasury for money used for the acquisition of property and the construction, completion, extension and improvement of its facilities, which said money actually was expended from income or other moneys in the treasury of the corporation not secured by or obtained from the issue of stocks, bonds, notes or other evidences of indebtedness of such corporation, there is issued and sold bonds of the District to the amount of two hundred and twenty-five thousand dollars (\$225,000) which amount is declared necessary for the said purposes."

While this latter vote was subsequent in time to the date of the hearing, it is consonant with the evidence adduced at the hearing, and its purpose is to avoid any possible technical obstacle to the issue of securities, if any exist. It has been duly allowed by the Commission, and we shall consider it a part of the case.

The statute makes our approval of the issue of securities depend upon our investigation and a finding of good faith upon the part of the utility seeking to issue such securities. In the case before us, the evidence disclosed that the proposed bond issue of \$225,000.00 rests upon three bases:

(1) \$58,000.00 for constructing a new 16 inch pipe line from an existing supply main to the reservoir of the District;

(2) \$30,000.00 for improvement of the District's dam and the installation of new and improved pumping apparatus.

(3) \$137,000.00 to re-establish the District's sinking fund and to refund its outstanding floating indebtedness.

The opponents to the petition insisted, with great vehemence, that the items of \$58,000.00 for the construction of the proposed pipe line, and of \$30,000.00 for improvement of the dam and pumping station, should not be made for various reasons so clearly and effectively presented as to make the issue not at all obscure. These matters have been decided by the trustees to involve wise principles of business proceeding, and we do not feel called upon to substitute our own judgment for the judgment of the trustees to whom is entrusted by the charter of the

District the management of "all the affairs of said Water District." (Section 5, chapter 200, Private and Special Laws of 1899.) The Commission must certify "that in the opinion of the Commission the sum of the capital to be secured is required in good faith for the purposes enumerated," but we must not fail to observe that the legislature, by section 10 of chapter 200, Private and Special Laws of 1899, as amended by section 3 of chapter 152, Private and Special Laws of 1905, has authorized the trustees to issue bonds from time to time for "securing sources of supply, laying pipes, constructing, maintaining and operating a water plant, and making renewals, extensions, additions and improvements to the same." The contemplated extensions and improvements are, in the opinion of the trustees, essential to the proper maintenance and development of the system, and rest upon the advice of competent engineers, derived from a study of present conditions and probable future needs. The District's engineer testified that in his opinion the condition of the present dam is such as to require either the building of a new dam or a radical rebuilding of the present structure. He also expressed as his opinion that by reason of such improvement in the dam, better results would be obtained from the use of the water pumps, thus obviating the necessity of auxiliary power with its consequent expense. All these things, we shall assume, have been considered by the trustees before reaching their decision that such improvements and extensions should be made. These trustees charged with the management of the affairs of the District are presumed to be familiar with its requirements. They are selected by the representatives of the people who are served by the District and who are empowered to choose from time to time trustees qualified to discharge the important duties placed upon them. The construction of the law contended for by the learned counsel for the opponents to the petition would with violent hand snatch these powers from the trustees and place them upon this Commission. We should, in effect, become the real administrators of the District, in place of those selected by the people under the established law. We believe that the provisions of the statute are perfectly clear in this particular and that they impose such duties of management upon the trustees themselves, upon whom as a corollary is placed the responsibility therefor. Judicial authority follows the pathway of

reason in reaching this conclusion. Nothing has appeared in the evidence relevant to this inquiry, which justifies the Commission in refusing to certify "that in the opinion of the Commission the sum of the capital to be secured by the issue of such bonds is required in good faith."

Thus far, we have been speaking only of the item of \$58,000.00 to be used for the construction of the proposed pipe line and the further item of \$30,000.00 for improvement of the District's dam and pumping apparatus. We shall now consider specifically the request of the petitioner, that we approve the issuance of bonds to the amount of \$137,000.00, to re-establish the District's sinking fund and to refund its outstanding floating indebtedness. The charter of the district, to which we have already referred, empowers the trustees to collect rates from the water takers and among other things "to provide each year a sum equal to not less than one nor more than 3 per cent of the entire indebtedness of the district, which sum shall be turned into a sinking fund to provide for the final extinguishment of the funded debt. The money set aside for the sinking fund shall be devoted to the retirement of the district's obligations or invested in such securities as savings banks are allowed to hold."

During the course of the district's development the trustees procured marginal land around the west basin of China lake, generally extending back 200 feet in depth from the shore of the lake for the purpose of protecting the purity of the water supply. This land, with the incidental expenses attendant thereupon, cost the district about \$75,322.43. In addition to this the district constructed a new reservoir in Waterville at an expense of approximately \$88,786.24, a total expenditure for matters that are properly a subject of capitalization of \$164,108.67. This does not include the cost of the land on which the reservoir was constructed. It could not be controverted successfully that for these capital expenditures the district was authorized under section 10 of its charter to issue bonds, and had they done that the matter would not now be before us in its present form. Instead of issuing bonds, however, they drew upon the money that had been collected from their customers for the purposes of creating the sinking fund contemplated by the act establishing the district. The amount of such withdrawals from the treasury,

spoken of from time to time in the evidence as "the sinking fund," aggregated \$98,117.04. They seek now to return to the treasury as a sinking fund this amount of \$98,117.04 to be derived from the proceeds of bonds, and are immediately met by the contention of their opponents that there is nothing in the charter that authorizes the issuance of bonds for such purpose. If it be so, nevertheless, the legislature seems to have provided for this contingency by the enactment of chapter 128 of the Laws of 1919, amending section 37 of chapter 55 of the Revised Statutes, in which it is specifically ordained that "any public utility now organized and existing and doing business in the State * * * may issue stocks, bonds, * * *, when necessary, * * * to reimburse its treasury for moneys used for the acquisition of property, the construction, completion, extension or improvement of its facilities and which actually were expended from income or from other moneys in the treasury of the corporation not secured by or obtained from the issue of stocks, bonds, notes or other evidences of indebtedness of such corporation."

As the only source of obtaining money that the district has, is from income from its customers (omitting interest on such securities as it may purchase for the sinking fund not material to our inquiry here), it follows logically that this condition of the statutory requirement is met. It was in evidence that since the organization of the district it had accumulated, to and including June 30, 1921, for the purposes of its sinking fund, a sum of money, which, with the interest thereon, amounted to \$182,276.21. From this amount it had purchased certain bonds and invested in sinking fund investments in the aggregate amount of \$84,159.17 for the same period, according to the evidence submitted by the treasurer of the district. This left a balance in the sinking fund of \$98,117.04, which as we have said before, it now seeks to re-establish. We do not assume that the trustees of the district would expect to sell bonds in the amount of \$98,117.04 in the general market and then to take the proceeds of such bonds for the purchase of these same bonds or other outstanding bonds for retirement at a higher cost; therefore in this instance we shall authorize the issuance of bonds for reimbursement of the treasury in the amount of \$98,000.00, which said bonds shall be sold at not less than par and shall be callable

within one year at par, thus obviating the possibility of any financial loss to the district by reason of such reimbursement of the treasury under the statute.

It is not the desire of the district trustees to capitalize the expenditures represented by the purchase of the China lake land and by the building of the reservoir any further than is necessary for the replenishment of the sinking fund which we shall authorize, and to pay the so called floating indebtedness represented by promissory notes of the district as follows:

<i>Date</i>	<i>Rate of Interest</i>	<i>Time</i>	<i>Amount</i>	<i>Consideration</i>
December 6, 1920	6%	six months	\$5,000	Money for current expenses
December 17, 1920	6%	six months	5,000	Money for current expenses
January 19, 1921	6%	six months	15,000	Money for district's subscription for Liberty Bonds
October 29, 1921	6%	six months	12,000	Money: discount on refunding bonds (5's dated May 1, 1920)

Some of these notes were issued in renewal of preceding notes, but that is not material to our study here for the reason we have, in each instance, specified the consideration of the original note. We do not regard any of these notes as proper subjects of capitalization either under the provisions of the charter of the District, or under chapter 55, section 37, as amended by chapter 128, Public Laws of 1919. The note for \$15,000 is secured by a pledge of the Liberty Bonds for the purchase of which it was originally issued.

Current expenses are to be provided from the rates chargeable to the district's customers: the discount on bonds is, under the Commission's orders, amortized over the period of time for which the bonds are issued.

The Liberty Loan Bonds are within the class of bonds for the purchase of which the sinking fund may properly be applied, but

we are not aware of any authority by which the district may issue its promissory notes and with the proceeds purchase them and then capitalize such purchase by a bond issue: such a proceeding would result in an issue of bonds for the purchase of other bonds—an absurd, unnecessary and unwise circle. Corporations of this kind should proceed with strict adherence to the limitations established by the law from which they derive their powers.

It is

ORDERED, ADJUDGED AND DECREED

(1) That prior to the issuance of the bonds herein authorized, this order of the Commission as herein set forth be recorded upon the books of the Kennebec Water District;

(2) That in the opinion of the Commission the sum of the capital to be secured by the issue of the bonds herein authorized is required in good faith for purposes enumerated in section 37 of chapter 55 as amended by chapter 128 of the Public Laws of 1919;

(3) That the Kennebec Water District, be and it hereby is, authorized to issue and sell at not less than the par value thereof, and accrued interest, bonds to the amount of ninety-eight thousand dollars (\$98,00.00) bearing interest at the rate of five per cent (5%) per annum, and to be callable at par within one (1) year from the date of issue, at the option of said district; the proceeds of said bonds to be used for the reimbursement of the treasury of said corporation;

(4) That in addition to the above the Kennebec Water District be, and it hereby is, authorized to issue and sell at not less than ninety-five per cent (95%) of the par value, and accrued interest, bonds in the sum of eighty-eight thousand dollars (\$88,000.00) bearing interest at the rate of five per centum (5%) per annum, to be dated March 1st, 1922, and to be due and payable on the first day of March, 1947; the proceeds of said bonds are to be used for constructing, building, extending and making additions and improvements to its present system, and the completion and improvement of its facilities. Any unexpended portion of the principal sum of said amount of \$88,000.00, not required for the purposes for which said bonds are issued, is to

be retained in a separate fund and reported to this Commission. The discount on said issue of bonds specifically referred to in this paragraph is to be amortized over the period of the duration of said bonds, and annually each year's portion of such discount is to be deducted from the income in accordance with the rules of the Commission's classification.

(5) That said Kennebec Water District report to this Commission, in detail, supported by the oath of one of its principal officers, its doings hereunder at the end of periods of three (3) months each; said first period to begin on the day of the date of this decree.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

In the matter of the application for order authorizing the issue of securities by the Kennebunk, Kennebunkport and Wells Water District.

U. No. 606. MAY 8, 1922.

Gurney, Chairman; Trafton and Green'aw, Commissioners.

Appearances: Honorable Edward W. Wheeler, Honorable Harold H. Bourne, for the petitioners.

By Chapter 159 of the Private and Special Laws of 1921, the Legislature of Maine incorporated the Kennebunk, Kennebunkport and Wells Water District; the purposes of which are to supply the inhabitants of the District and certain other territory with pure water for domestic and municipal purposes. Under section 14 of the Act, it was to become effective when approved by a majority vote by ballot of the inhabitants of each of the towns of Kennebunk and Kennebunkport at special meetings called for such purpose, and by a majority vote by ballot of the inhabitants of said District in the town of Wells; the voters authorized to express such approval being limited to those qualified to vote in town affairs.

Ninety days after the adjournment of the Legislature, the Act went into effect subject to such approval expressed by local

referendum. It appears from evidence submitted to us that these requisites were complied with and that the Act was approved by the necessary constituent portions of the District. Trustees were duly chosen; were properly organized, and the affairs of the District duly initiated.

By its petition dated March 31st, 1922, the petitioning utility asks for an order authorizing the issue of bonds of the district to the amount of nine hundred twenty thousand dollars, \$920,000), bearing interest at the rate of four and one-half per centum ($4\frac{1}{2}\%$) per annum; said bonds to be sold at the par value thereof, and accrued interest. The said petition states that the funds are desired for the following purposes:

"To accomplish the purposes of chapter 159 of the Private and Special Laws of 1921, including the cost of acquiring the plant, property and franchises of the York County Water Company, and refunding the outstanding bonds of said company, and providing additions to said plant."

Upon receipt of said petition, this Commission ordered that a public hearing be held at the offices of the Public Utilities Commission, at the State House, in Augusta, on April 21st, A. D., 1922, at ten (10) o'clock in the forenoon. The petitioner was ordered to give public notice of said hearing by causing to be published in one issue of the Biddeford Journal, a newspaper published at Biddeford, in the county of York, and the State of Maine, a copy of this order certified by the clerk of this Commission, seven days at least before the date of said hearing. This order was properly complied with, and the hearing was held at the offices of the Commission at the time specified in said order.

Acting in accordance with the authority vested in the District, the said district filed a petition in the clerk's office of the Supreme Judicial Court for the county of York, under which three-disinterested and qualified appraisers were appointed by the court for the purpose of fixing the valuation of the plant, property and franchises of the York County Water Company. These appraisers subsequently reported to the said court as follows:

"We fix the valuation on the first day of January, A. D. 1922, of the entire plant, property and franchises, rights and privileges held by the York County Water Company, including all lands, buildings, residences for employees, pipes, standpipes, reservoirs, machinery, fixtures, hydrants, automobile, tools, apparatus and

appliances, owned by said York County Water Company and used or usable in supplying water, and any other real estate in said district, taken by said district by its petition filed in this cause and dated the twenty-fourth day of February, A. D. 1922, at the total sum of eight hundred and seventy-five thousand dollars (\$875,000)."

This report was duly accepted by the court and confirmed under date of March 30th, 1922.

The Act further provides "on payment or tender by the District of the amount so determined, and the performance of all the other terms and conditions so imposed by said court, the entire plant, property and franchises shall become vested in said water district," and it is for the purpose of procuring funds with which to make the payment contemplated by the Statute that the trustees seek the order of this Commission authorizing this issue of securities. Section 10 of the Act constituting the district, among other things, provides,

"For accomplishing the purposes of this Act, said water district is hereby authorized and empowered, through its trustees, to issue its bonds to an amount sufficient to procure funds to pay the expenses incurred in the acquisition of said plant, property and franchises of said company as aforesaid, for the further extensions, additions and improvements of said plant, and to refund any bonds or other indebtedness assumed by said district under this act."

It will be observed that the report of the appraisers fixed the valuation of the property of the York County Water Company as of January 1st, 1922, which date marked the assumption by the District of the control and management of the business of supplying water under the terms of the Act.

The Act further provided that from January 1st, 1922, on which the valuation was fixed, interest on said award shall run, and all rents and profits accruing thereafter shall belong to said water district. Since January 1st, 1922, the company and the district have been engaged in an amicable adjustment of the matters between them arising from the District's act in instituting the proceedings for the taking over of the company's plant. It appears that in order to avoid an interruption of service the company continued to carry on the business, or at least to assist in carrying on the business of supplying water, so that

materials and supplies were purchased for the District since January 1st, according to the inventory on file with the Commission, amounting to over ten thousand dollars (\$10,000).

In addition to this amount of ten thousand dollars (\$10,000) for materials and supplies, and also in addition to the amount established by the appraisal, there have been incurred by the District, in the acquisition of the plant, certain other seemingly necessary liabilities consisting principally of interest, engineering, legal and accounting expenses aggregating more than thirty-five thousand dollars, so that the amount of nine hundred twenty thousand dollars (\$920,000) to be procured by the contemplated bond issue specified in the petition will not be more than sufficient for the purposes for which the trustees are authorized to issue bonds.

Section 7 of the Act to which we have made frequent reference, provides,

"All of said plant, property and franchises shall be taken and shall vest in said district subject to all bonds, mortgages, liens and incumbrances thereon, all which bonds, mortgages, liens and incumbrances shall be assumed and paid by said district."

It was established by the evidence that the following amounts are all the mortgages and liens against the property of the York County Water Company, namely,

First Mortgage 5% bonds dated July 15, 1915, due	
Oct. 1, 1935	\$266,500
7% Secured Gold Notes dated April 1, 1921, due	
April 1, 1923	100,000
	<hr/>
Total	\$366,500

"The compensation," continues the Act, "to be paid to said York County Water Company for said plant, property and franchises shall be the difference between the valuation thereof as fixed and determined by said appraisal and the aggregate amount of such bonds, mortgages, liens and incumbrances which are assumed by said District."

After consideration, it is accordingly

ORDERED, ADJUDGED AND DECREED

as follows:

(1) That prior to the issuance of the bonds herein authorized, this order of the Commission as herein set forth shall be recorded upon the books of the Kennebunk, Kennebunkport and Wells Water District;

(2) That in the opinion of the Commission the sum of nine hundred twenty thousand dollars (\$920,000) to be secured by the issue of bonds is required in good faith for purposes enumerated in section 37 of chapter 55 of the Revised Statutes of 1916 as amended by chapter 128 of the Public Laws of 1919;

(3) That the Kennebunk, Kennebunkport and Wells Water District be, and it hereby is, authorized to issue and sell at not less than the par value thereof, and accrued interest, bonds in the sum of nine hundred twenty thousand dollars (\$920,000) bearing interest at the rate of four and one-half per cent ($4\frac{1}{2}\%$) per annum;

(4) That the said water district is to report to this Commission in detail, supported by the oath of one of its principal officers, its doings hereunder within one (1) year from the day of the date hereof.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

In the matter of the application of the New England Telephone and Telegraph Company for order authorizing mortgage of property necessary or useful in the performance of its duties to the public, and for order authorizing the issue of bonds.

U. No. 611. MAY 29, 1922.

Trafton and Greenlaw, Commissioners.

Appearances: Mr. George R. Grant, General Attorney, appeared for the petitioner.

The New England Telephone and Telegraph Company is a corporation organized under the laws of the state of New York, and is engaged in the transaction of a telephone and telegraph business in the states of Maine, New Hampshire, Vermont,

Rhode Island, and the Commonwealth of Massachusetts. It files its petition with this Commission asking for,

(a) An order from this Commission authorizing it to mortgage its property in the State of Maine.

(b) An order authorizing the issue of bonds.

The petitioning utility filed its petition with this Commission on May 5th, 1922, and it was thereupon ordered that a hearing be held at the offices of the Commission, in the State House, at Augusta, at ten (10) o'clock in the forenoon of the 29th day of May, 1922, and that the petitioner give public notice of such hearing by publishing in the Portland Evening Express and in the Dai'y Kennebec Journal a copy of the order certified by the clerk of this Commission. This was properly complied with, and a hearing was held at the time and place specified in the order.

The contemplated mortgage in this case is a mortgage deed of trust given by the petitioning utility to the First National Bank of Boston, trustee, and is dated June 1st, 1922. It conveys in trust,

"Any and all real estate, and any and all interests in real estate, in the states of Maine, New Hampshire, Massachusetts and Rhode Island, which the Telephone Company now owns, or which it may hereafter acquire, in said states, together with all rights, privileges and easements of every kind and nature appurtenant thereto:

"Also all buildings, plants, systems, works, improvements, structures, fixtures, appliances, machinery, materials, supplies, too's, implements, office furniture, telephone and telegraph lines, switchboards, wires, cables, poles, conductors, subways, conduits, stations, sub-stations, equipment (central office, subscribers' stations and general), instruments, house wiring connections, and all appliances, apparatus, fixtures, fittings and equipment of every nature and kind whatsoever, and any and all interests therein, appertaining to or useful in the transaction of its business in said states of Maine, New Hampshire, Massachusetts and Rhode Island, which the Telephone Company now owns, or which it may hereafter acquire, in said states:

"Also all rights of way, franchises, ordinances, privileges, immunities, consents, permissions, leases, patents, patent-rights, licenses, license agreements, including any and all license agree-

ments with the American Telephone and Telegraph Company, and other rights, privileges, contracts and agreements, and any and all interests therein, appertaining to or useful in the transaction of its business in said states of Maine, New Hampshire, Massachusetts and Rhode Island, which the Telephone Company now owns, or which it may hereafter acquire, in said states:

"Also all the shares of the capital stock, except such shares as may be required to qualify directors, of The New England Telephone and Telegraph Company of Massachusetts, the Providence Telephone Company of Massachusetts, the Southern Massachusetts Telephone Company and the Massachusetts Telephone and Telegraph Company, which the Telephone Company now owns, or which it may hereafter acquire, in said corporations, and any stocks, bonds or other securities, which the Telephone Company may deposit with the trustee, as provided in Articles second, third and seventh hereof; certificates of stock, whether now or hereafter mortgaged, and of bonds, if registered, to be accompanied by irrevocable powers of attorney sufficient to enable the trustee to make transfer thereof:

"Also all other property, real and personal, and any and all interests therein, which the Telephone Company now owns, or which it may hereafter acquire, in said states of Maine, New Hampshire, Massachusetts and Rhode Island, of whatever kind or description and appertaining to or useful in the transaction of its business in said states; provided, however, that no stocks, bonds or other securities, except the stocks of the corporations hereinbefore specifically named, shall be or become subject to the lien of this indenture until they shall have been deposited by the Telephone Company with the trustee under the terms of this indenture:

"Also all to'ls, incomes, rents, issues, profits, benefits and advantages to be derived, received, or had, of and from the property hereby mortgaged or pledged, or intended so to be, and from any and all interests therein, which the Telephone Company now owns, or which it may hereafter acquire, in said states."

This mortgage is denominated "First Mortgage," and may run for two hundred (200) years, for it provides that "all bonds issued under this indenture shall mature not later than June 1st, 2122."

Section 40 of chapter 55 of the Revised Statutes of Maine, as amended, provides:

"Any public utility may henceforth sell, lease, assign, mortgage or otherwise dispose of, or encumber the whole or any part of its property necessary or useful in the performance of its duties to the public, or any franchise or permit, or any right thereunder, or by any means whatsoever, direct or indirect, merge or consolidate its property, franchises, or permits, or any part thereof, with any other public utility, when, and not otherwise, it shall have first secured from the commission an order authorizing it so to do. * * *"

By chapter 513 of the Laws of 1885 the petitioning utility secured certain powers or permits relative to construction of telephone lines along the public ways of the State after securing the consent of the municipal officers, as well as rights to purchase, hold and dispose of real and personal estate, from the legislature, which it is intended to transfer to the trustee under the mortgage indenture.

A mortgage is a deed. It conveys real property within the state, subject to its laws.

"It is a principal firmly established that to the law of the state in which the land is situated we must look for the rules that govern its descent, alienation, and transfer and for the effect and construction of wills and other conveyances."

Mr. Chief Justice White, in *Clarke v. Clarke*. 178 U. S. 191, *Fletcher's Cyclopædia Corporation*, Section 5807.

It is not unusual for corporations carrying on a large business to execute and deliver similar mortgages covering all of its property, both that owned by it at the time of the inception of the mortgage and that which is subsequently acquired.

From time to time thereafter bonds are issued under such mortgage. We shall approve the mortgage as filed with us as "Exhibit No. 3," but reserve to the Commission the determination of whether or not the future issues of securities thereunder are for those purposes which are properly the subjects of capitalization, and our approval of the mortgage itself is not to be construed as binding us to any future course with respect to the matters for which we may authorize the issue of bonds under it.

Authorization by the stockholders of the petitioning utility, both for the mortgage and for the issue of thirty-five million

dollars (\$35,000,000) of bonds thereunder, was voted by the stockholders at meetings properly called and attended by a quorum. We find the records of these meetings to be apparently complete so far as these matters are concerned.

The vote of the stockholders provides also that the mortgage shall secure equally with all bonds issued thereunder all of the debentures previously issued by the corporation under indentures made to the American Loan and Trust Company and Old Colony Trust Company, respectively, dated January 1, 1900 and October 1, 1912, respectively, and now outstanding. It is also provided in their vote that the amount of bonds authorized to be issued under and to be secured by such mortgage shall be limited so that the amount of such bonds at any one time outstanding, when added to the other indebtedness secured by such mortgage, shall not exceed twice the amount of the then outstanding full-paid capital stock of the corporation with the limitation that bonds to be refunded with bonds issued under the mortgage and bonds he'd in any sinking fund shall be excluded; and that the officers of the corporation be authorized to execute and deliver such mortgage for and on its behalf.

The petitioning utility in its prayer requests:

"Wherefore, your petitioner prays that it may be authorized by your Commission to mortgage its property and franchises in the State of Maine to secure the issue of First Mortgage Thirty Year Five Per Cent Gold Bonds, Series A, of the aggregate principal amount of \$35,000,000, and additional bonds to be issued thereunder from time to time as in said mortgage provided, and also securing Four Per Cent Debentures of 1900 due January 1, 1930 and Five Per Cent Bonds of 1912 due October 1, 1932, equally with any other indebtedness secured by said mortgage; and that of the proceeds from the sale of said bonds the sum of \$2,251,342.22 may be used to reimburse its treasury for moneys expended subsequent to June 30, 1917, and prior to and including March 31, 1922, and the further sum of \$528,409 may be used in part to reimburse its treasury for moneys expended subsequent to March 31, 1922, and in part for the purpose of carrying out its corporate powers, the construction, completion, extension or improvement of its facilities, and for the improvement of maintenance of its service within the State of Maine."

At the request of this Commission, our chief accountant, Mr. Albert E. Lamb, has made an examination of the records, vouchers and books of the company sufficient to enable him to report that the books of the company show a net total figure, representing additions and betterments in the State of Maine from July 1, 1917 to March 31, 1922, of two million two hundred fifty-one thousand three hundred forty-two dollars twenty-two cents (\$2,251,342.22). It was in evidence that these disbursements have never been capitalized in this State.

The company also requests in its prayer that we further authorize an issue of bonds in the additional sum of five hundred twenty-eight thousand four hundred nine dollars (\$528,409) to be used in part to reimburse its treasury for money expended from March 31, 1922, up to and including April 30, 1922, and in part for the purpose of carrying out its corporate powers, the construction, completion, extension, or improvement of its facilities, and for the improvement or maintenance of its service within the State of Maine. We are satisfied from the evidence that during the month of April, 1922, this company has disbursed for betterments and additions within the State of Maine, all of which are proper subjects of capitalization, the sum of forty-six thousand four hundred seventy-three dollars thirty-six cents, (\$46,473.36), leaving the amount of four hundred eighty-one thousand nine hundred thirty-five dollars sixty-four cents (\$481,935.64) to be used for the purpose of carrying out its corporate powers, the construction, completion, extension and improvement of its facilities, at such future periods as it may find necessary and proper to do so. We shall grant an order authorizing the issue of bonds to the total of these amounts, namely, two million seven hundred seventy-nine thousand seven hundred fifty-one dollars twenty-two cents, (\$2,779,751.22). These are for matters which are proper subjects of capitalization under the laws of this State, and such disbursements have been made, or are to be made, in their entirety within the State of Maine. The remaining portion of said thirty-five million dollars (\$35,000,000) of said First Mortgage Bonds to be issued is for subjects of capitalization outside of the State of Maine and beyond our jurisdiction, so that we have no control over them. Section 37, under which our authorization is given, provides expressly as follows:

" * * * no public utility shall be required to apply to the Commission for authority to issue stocks, bonds, notes or other evidences of indebtedness for the acquisition of property, for the purposes of carrying out its corporate powers, the construction, completion, extension or improvement of its facilities, or the improvement or maintenance of its service outside of the state, * * *."

Accordingly, it is

ORDERED, ADJUDGED AND DECREED

(1) That prior to the issuance of the bonds herein authorized, this order of the Commission shall be recorded in full upon the books of the New England Telephone & Telegraph Company;

(2) That in the opinion of the Commission the sum of two million seven hundred seventy-nine thousand seven hundred fifty-one dollars twenty-two cents (\$2,779,751.22) is required in good faith for purposes enumerated in section 37 of chapter 55 of the Revised Statutes of 1916, as amended by chapter 128 of the Public Laws of 1919;

(3) That the New Eng'and Telephone & Telegraph Company be, and it hereby is, authorized to issue two million seven hundred seventy-nine thousand seven hundred fifty-one dollars twenty-two cents (\$2,799,751.22) in bonds to be secured by the lien established by its "First Mortgage," dated June 1, 1922, and running to The First National Bank of Boston, trustee, said bonds to be dated June 1, 1922, and are to be part of the issue of First Mortgage Thirty Year Five Per Cent Gold Bonds, Series "A," which said series is of the aggregate principal amount of thirty-five million dollars, (\$35,000,000) and is secured by said mortgage indenture hereinbefore referred to. The said bonds are to be issued and sold at not less than ninety-four and one-half per cent (94½%) of the par value thereof, and the accrued interest. The discount on said bonds is to be amortized over the period of the life of said bonds, and annually each year's portion of such discount is to be deducted from the income in accordance with the rules of the Commission's classification;

(4) That said petitioning utility is hereby further authorized to execute and deliver its "First Mortgage" hereinbefore

more fully referred to, dated June 1st, 1922, to The First National Bank of Boston, trustee, a copy of which, attested by its secretary, is filed in this case, made a part of its petition, and hereby referred to as a part of this order;

(5) That said petitioning utility report to this Commission, in detail, supported by the oath of one of its principal officers, its doings hereunder on or before December 31, 1922, unless sooner required by written order of this Commission.

Gurney, Chairman, dissenting to a portion of the order.

I concur in the order of my associates authorizing the execution of the mortgage referred to, under section 40 of chapter 55 of the Revised Statutes of 1916, as amended by chapter 65 of the Public Laws of 1919. I am constrained to dissent, however, to that portion of the order of the majority of this Commission which authorizes the issue of bonds, because of my belief that this Commission is without jurisdiction in respect to such bonds.

These bonds are to be executed and delivered outside of the State of Maine by a New York corporation which has no franchise to be a corporation granted by the legislature of the State of Maine. The approval for the issue of such bonds is sought by the petitioning utility in this instance by reason of the provisions of section 37 of chapter 55 of the Revised Statutes, as amended by chapter 128 of the Public Laws of 1919. The chapter as amended reads as follows:

"Any public utility now organized and existing, and doing business in the State or hereafter incorporated under and by virtue of the laws of the State of Maine, may issue stocks, bonds, which may be secured by mortgages of its property, franchises or otherwise, notes or other evidences of indebtedness payable at periods of more than twelve months after the date thereof, when necessary for the acquisition of property to be used for the purpose of carrying out its corporate powers, the construction, completion, extension or improvement of its facilities, or for the improvement or maintenance of its service, or for the discharge or lawful refunding of its obligations, or to reimburse its treasury for moneys used for the acquisition of property, the construction, completion, extension or improvement of its facilities, and which actually were expended from income

or from other moneys in the treasury of the corporation not secured by or obtained from the issue of stocks, bonds, notes or other evidences of indebtedness of such corporation, or for such other purposes as may be authorized by law; provided and not otherwise, that upon written application, setting forth such information as the Commission may require, there shall have been secured from the Commission an order authorizing such issue and the amount thereof and stating that in the opinion of the Commission the sum of the capital to be secured by the issue of said stocks, bonds, notes or other evidences of indebtedness is required in good faith for purposes enumerated in this section; but the provisions of this chapter shall not apply to any stocks or bonds or other evidences of indebtedness heretofore lawfully authorized and issued; provided, however, that the Commission may at the request of any public utility approve the issue of any stocks or bonds heretofore authorized but not issued. For the purpose of enabling the Commission to determine whether it shall issue such an order, the Commission shall make such inquiries for investigation, hold such hearings and examine such witnesses, books, papers, documents or contracts as it may deem of importance in enabling it to reach a determination. No order of the commission authorizing the issue of any stocks, bonds, notes, or other evidences of indebtedness shall limit or restrict the powers of the Commission in determining and fixing any rate, fare, toll, charge, classification, schedule, or joint rate as provided in this chapter; provided, however, that no public utility shall be required to apply to the Commission for authority to issue stocks, bonds, notes or other evidences of indebtedness for the acquisition of property, for the purposes of carrying out its corporate powers, the construction, completion, extension or improvement of its facilities, or the improvement or maintenance of its service outside the State, * * *."

This section in my opinion controls domestic and not foreign corporations. Its terms clearly exclude any foreign corporations incorporated *after* the passage of this Act, for the words are "any public utility *now organized and existing*, and doing business in the State or *hereafter incorporated* under and by virtue of the laws of the *State of Maine*, may issue stocks, etc." It proceeds to specify certain limited purposes for which a one securities may be issued. If it be held to include foreign corpo-

rations, its effect is to restrict the purposes for which foreign corporations may issue securities regardless of what their own states may have provided in the charters creating such foreign corporations. I am not persuaded, therefore, that our legislature intended to make these provisions applicable to all corporations, whether foreign or domestic, existing and doing business when the act became effective in 1913, but to exclude from its operation foreign corporations thereafter organized, thus restricting the foreign corporations existing in 1913, but giving free rein in the issue of securities to those subsequently organized. To my mind the meaning of the section is not obscure, if applicable solely to such domestic corporations as were then existing and doing business by virtue of the laws of Maine and such as might be "hereafter incorporated under and by virtue of the laws" of the same state. Our legislature, it seems to me, after making general provisions for rates, accounting, service, reports, and other details applicable to all public utilities domestic as well as foreign, existing and doing business in the State, turns its attention to the affairs of Maine corporations and in sections 37, 38 and 39 enacts rules regulating the issue of securities by domestic corporations. This view is strengthened, to my mind, by a study of section 68 of the same chapter, which provides:

"Any director or officer of any public utility who shall directly or indirectly issue or cause to be issued any stock, bonds, notes or other evidences of indebtedness contrary to the provisions of this chapter, or who shall apply the proceeds from the sale thereof to any other purpose than that specified in the order of the commission, as herein provided, shall, upon conviction thereof, be imprisoned in the state prison for not less than one year nor more than ten years."

If this latter section be construed literally, the result is inescapable that our penal law is applicable to directors of corporations organized under the laws of other states if such corporations were doing business in Maine at the time the act became effective in 1913, and this is true regardless of the fact that the laws of their own states which created such corporations may have prescribed different terms or additional purposes for which stocks and bonds might lawfully be issued "contrary to the provisions of this chapter," but such amenability to our criminal law would *not* apply to the directors of foreign corporations provided

the corporations themselves were organized subsequently to 1913.

I shall not discuss the right to contro' the issue of these bonds upon the basis that it is a matter of Interstate Commerce, but am now considering it with reference to the existing statutory provisions of this State.

Re:

Fryeburg Water Company, P. U. R. 1919, c. 361, 106 Atl. Rep. 225.

Springfield Electric Railway Company, P. U. R. 1917, F. 604.

Public Service Commission vs. Union Pacific Railway Co., P. U. R. 1917, F. 774, 197, S. W. 39.

Southern Pacific Company, P. U. R. 1921, A, page 58.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Charles F. Marble, et als. Re: extension of one of the existing lines of the Saco River Telephone & Telegraph Company at West Hollis.

F. C. No. 332. APRIL 13, 1921.

Cleaves, Chairman; Trafton and Green'aw, Commissioners.

Appearances: Charles F. Marble for himself and other complainants; George L. Emery, Esq., for the respondent company.

This is a complaint of certain residents of West Hollis, in the town of Hollis, against the Saco River Telephone & Telegraph Company alleging that telephone service cannot be obtained and expressing a desire for such service.

The Commission after preliminary investigation and notice held a public hearing at the Grange hall at Bar Mills on February 18, 1921, at 9 o'clock in the forenoon. At this hearing a considerable number of the residents of West Hollis and Bar Mills were present. Notice was proved to have been given as ordered, and appearances were as above stated.

The matter to be considered in this complaint concerns the extension of one of the existing lines of the Saco River Tele-

phone & Telegraph Company in order that service may be rendered to certain residents, in that vicinity beyond the end of the existing line, who desire such service. The line in question is already six miles in length and to serve the eight prospective subscribers, represented by the complainants, involves the building of approximately 2.6 miles of line. The demand and necessity for the service are admitted, and it is not necessary to consider at length in this decision that particular feature of the case. The people residing along the road to be served by the proposed extension, without doubt, desire and need telephone service. The only question involved in this case is as to the manner and conditions under which such service ought to be rendered by the company. The evidence in the case shows that there are eight prospective subscribers who have definitely agreed to accept such service, if it can be obtained, with a possibility that one or two others may take the service. It does not appear, however, that there is any reasonable prospect of future growth and the extension, if made, must probably rely for its support and maintenance upon the business which is now in sight. According to the estimates furnished by the company, the cost of the proposed extension will be approximately \$1,337. The prospective business is not sufficient to justify the company in making this extension or in justifying the Commission in ordering such extension made, unless the prospective patrons make some contribution to the initial expense.

This company is occupying this particular territory, and as has been laid down in the former decisions of this Commission, the company is under obligations to reasonably extend its service to all prospective patrons who demand service, providing the company and its other patrons are not unduly or unreasonably burdened thereby. As the prospective customers of the proposed extension constitute essentially a separate group to whom service cannot be extended without what may be termed extraordinary expenditure, it becomes necessary for the Commission to determine how much of such expenditure the proposed patrons should bear.

Negotiations were in progress between the company and the complainants for some time prior to the hearing, and at the hearing a definite proposition was submitted by the company that it would build the proposed line if the eight prospective

customers would contribute the sum of \$60.00 each or a total of \$480.00 towards the initial expense. We do not regard this proposition on the part of the company as in any way unreasonable and if considered on a basis solely of a total cash outlay of \$1,337.00 it would probably be as small a contribution as these patrons ought to be expected to make. On the other hand, it appears that a cash contribution to this extent might be a very decided burden to many of these would-be patrons, and that if compelled to make a cash contribution of this amount it would probably result in depriving these patrons of the desired service. Although the treasurer and manager of the company expresses her opinion that any contribution of labor and material, other than cash, would not be very satisfactory, the Commission is of the opinion that a very substantial contribution in labor can be made by these interested parties with far less burden to them than a cash contribution would impose and which, under proper direction, which we shall indicate in this decision, will, as we believe, be of equal or greater assistance to the company in building this line than would be the cash contribution which it offers to accept.

The labor and trucking items in the estimate submitted by the company form a very substantial part of the total expense which must be incurred in building this line. We believe that a considerable part of this labor can be performed and a large part if not all of the trucking done, as a contribution, by the people who want this service. As we view the matter the only thing that will be required of the company in this connection is competent supervision, and such supervision can be given by the company with comparatively small expense. The persons who are proposing to make this contribution of their services and labor must understand, of course, that all this labor must be performed and services rendered under the direction and to the satisfaction of the company. If such contributions are made under these conditions, we believe that the objections offered by the manager of the company, at the hearing, to this form of contribution will be practically eliminated. We shall, however, permit the proposed patrons to make such contributions in cash if they prefer to do so.

It is, therefore,

ORDERED, ADJUDGED AND DECREED

1. That the Saco River Telephone & Telegraph Company extend its telephone lines, in that part of the town of Hollis referred to in the original petition, from the Four Corners, so-called, at West Hollis, a distance of 1.3 miles in a northwesterly direction on the road to North Hollis and also a branch from this proposed extension at a point about one-fourth mile from West Hollis a distance of about one mile on a cross road running in a westerly direction to Waterboro Center—Bonny Eagle road; thence a distance of .5 miles in a northerly direction on the Bonny Eagle—Waterboro road, the total length of the proposed extension to be approximately 2.8 miles; and furnish its telephone service to such persons along the line of this extension as may desire and will pay for such service at the published schedule rates of said company for other patrons in this same exchange, provided, however, that not less than eight subscribers shall agree in writing to take and pay for such service when offered at said rates. The work of making such extension shall be commenced within thirty days after the conditions specified in paragraph 2 of this order shall have been complied with and shall be completed with reasonable diligence;

2. The Saco River Telephone & Telegraph Company is not to be required to comply with the foregoing order unless, and until the parties desiring such service shall furnish and provide, without expense to said company, all the labor necessary to dig the post holes and anchor guy holes, to blast or otherwise prepare all the holes in ledge if any such holes are found necessary; shall haul all the poles and other material from the village of Bar Mills to the place or places along said proposed line specified by the company and at such time or times as the said company may designate; shall perform all labor necessary to be done along said proposed line in cutting bushes and trimming trees and assist in setting all the poles and in filling in around the same. All of the above specified labor shall be performed to the satisfaction of the company and under proper supervision as provided in paragraph 3 of this order;

3. The company shall provide competent men to locate the post holes and anchor guy holes and instruct the complainants as to the depth and size of said holes and manner in which the same

are to be dug, and generally oversee the work to be done by the complainants. The company shall inform the complainants when and where the poles and other material are to be delivered. When the poles shall have been properly set and guyed the company shall proceed to string the wire and otherwise prepare the line for the attachment of drop wires;

4. The complainants may exercise the option of paying to the Saco River Telephone & Telegraph Company the sum of \$480.00 in cash in lieu of complying with the conditions specified in paragraph 2 of this order;

5. That said Saco River Telephone & Telegraph Company report to this Commission in writing, signed by one of its principal officers, its doings hereunder within ninety days from date hereof, and thereafter when and as ordered.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Re: extension of service of the Lewiston, Greene & Monmouth Telephone Company to certain persons in the town of Wales.

F. C. No. 330. APRIL 15, 1921.

Cleaves, Chairman; Trafton and Greenlaw, Commissioners.

Appearances: H. E. Foster, Esq., and George R. Grant, Esq., for the Lewiston, Greene & Monmouth Telephone Company. John R. Nelson, Esq., for the complainants.

Certain residents and property owners upon the road running in a southerly direction from the village of Monmouth to the road from Sabattus to Gardiner by the house of one Miss Mertelle Austin filed a complaint with the Public Utilities Commission alleging that they desired service from the Lewiston, Greene & Monmouth Telephone Company, and that said respondent company had neglected and refused to supply such service.

Upon receipt of said complaint the Public Utilities Commission on its own motion, summarily and without notice, investigated the matters alleged in said complaint and being satisfied that sufficient ground existed to warrant a formal public hearing

in the matter under investigation furnished to the Lewiston, Greene & Monmouth Telephone Company a written statement giving notice that the matter was under investigation. More than ten days having elapsed, and the cause of complaint not having been removed, the Commission, on the 29th day of January, 1921, ordered a public hearing to be held at the municipal court room in Winthrop on February 14, 1921, at 9 o'clock in the forenoon. By agreement of the parties in interest and by order of this Commission, the matter was continued and the hearing held at the office of the Commission on March 16, 1921, at 10 o'clock in the forenoon. Notice was proved to have been given as ordered and the appearances were as above stated.

The Lewiston, Greene & Monmouth Telephone Company is rendering service in the towns of Winthrop, Monmouth, Greene and a part of the town of Wales and other towns. The territory comprised by the town of Wales is being occupied by the New England Telephone & Telegraph Company, except those comparatively small portions, in which service is being rendered by the respondent company. The respondent company is already rendering service to at least one subscriber in the town of Wales on the road on which these complainants live, and the request is that the company extend this particular line for a distance of about $1\frac{1}{4}$ miles for the purpose of serving these six additional subscribers.

The company contends that it ought not to be required or permitted to extend its lines further into the town of Wales, which territory it says is already occupied by the New England Telephone & Telegraph Company, and it claims further that the expense of constructing and maintaining the additional lines necessary to serve the proposed customers is so great that the company, on that account, ought not to be required to make the extension and render the service, or at least not without some substantial contribution from the proposed customers.

The New England Telephone & Telegraph Company has waived its priority rights to render service to these particular customers and has filed with the Commission its written consent that this extension may be made.

The testimony shows and we find that this group of people can be more economically, conveniently and efficiently served by the respondent company than by the New England Telephone &

Telegraph Company. We therefore conclude that the extension asked for ought to be made. The only remaining question for our consideration is as to what, if any, contribution the parties requesting this extension ought to make towards the initial expense of construction.

The end of the company's line to which the proposed line would be an extension is at a distance of some six miles from the central office and the line is already serving seventeen customers. If six new customers were added to this particular line, making twenty-three in all, the line would be overloaded and an undesirable condition would then exist. This particular line extends for some distance and is then divided into two branches with some customers on each of these branches. In order to properly serve these additional customers the company's engineer claims, and we believe rightly, that an extra line should be extended from the central office to the junction point of these two lines. The proposed extension would then be made on the end of one of the present lines and all of the customers could thereby be efficiently served.

The total estimated expense of the new construction is given at approximately \$600.00. This, as we understand it, includes some \$350.00 for extending the line from the central office to the junction point and about \$250.00 for the proposed extension, of about $1\frac{1}{4}$ miles, to serve these six additional customers. The revenue from the proposed new customers, were it not for the necessity of dividing the line, would be more than sufficient to authorize the company to make the proposed extension in accordance with its policy and published rules,—that extensions will be made if the revenue for three years equals the cost of the construction. But the company contends that the expense of dividing the line, which as above stated is estimated to be about \$350.00, ought to be considered as being made for the benefit of this particular group of customers. This position does not appear to us to be tenable.

The cost of dividing the line ought, in our opinion, to be considered as an addition made necessary for the general improvement or extension of the company's service and without regard to any particular group of customers. By dividing this line as proposed the company will be enabled, if demand arises, to serve other customers on this same divided line in addition to the

six who are now proposing to take service. We therefore conclude that the extension ought to be made by the company, and that this particular group of customers ought not to be required to bear any part of the cost of such extension. In view of the fact that that portion of the extension required by these particular customers will be in and of itself self-sustaining, there is no more reason why this group of customers, any more than any other particular group, ought to bear the expense of dividing the line. Such expense ought to be considered as being a part of the betterment and improvement expense undertaken for the general good of the company and all of its subscribers and as such should be borne by all alike and not by any particular group.

Therefore, after public notice and hearing as aforesaid, and having given this matter our careful consideration, it is

ORDERED, ADJUDGED AND DECREED

1. That the Public Utilities Commission after public hearing makes declaration that public convenience and necessity require that the Lewiston, Greene & Monmouth Telephone Company be granted authority, and required, to render and extend its service in that part of the town of Wales referred to in the complaint, in spite of the fact that another utility, to wit: the New England Telephone & Telegraph Company, is furnishing, and is authorized to furnish, a similar service in said town of Wales, this declaration and this consent being given in accordance with, and after the public hearing mentioned in section 4, chapter 60 of the Revised Statutes;

2. That the said Lewiston, Greene & Monmouth Telephone Company extend its present line on the Andrews road, so-called, in the town of Wales, from the present end of said line for a distance of approximately $1\frac{1}{4}$ miles along said road and furnish its telephone service to such persons upon said road, and along such extended line, as desire and will pay for such service at the published schedule rates of said company for other patrons in the same exchange, provided, however, that not less than six subscribers shall agree in writing to take and pay for such service when offered at said rates. The work of making such extension shall be commenced within thirty days from date hereof and shall be completed with reasonable diligence;

3. That said Lewiston, Green & Monmouth Telephone Company report to this Commission in writing, signed by one of its principal officers, its doings hereunder within 90 days from date hereof and thereafter when and as ordered.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Re Calais Water and Power Company; proposed advance in water rates.

F. C. No. 322. JUNE 1, 1921.

Trafton and Greenlaw, Commissioners.

Appearances: Harold H. Murchie, Esq., for Calais Water & Power Company; Herbert J. Dudley, Esq., for the inhabitants of the city of Calais.

This is an investigation by the Public Utilities Commission on its own motion as to the propriety of certain increases in its water rates proposed by the Calais Water & Power Company in its schedule filed with this Commission November 24, 1920, to become effective January 1, 1921. The Commission, deeming that an investigation as to the proposed increases ought to be made, ordered a public hearing to be held in the supreme judicial court room in the city of Calais on December 9, 1920. It not being convenient for the parties in interest to hold the hearing at that time, by agreement of counsel the matter was continued, and the Commission suspended the proposed rates for a period of three months from December 13, 1920, and then for another period of three months from March 12, 1921. Public hearing was held at Calais March 18, 1921, notice was proved to have been given as ordered, and appearances were as above stated. The company claims that additional revenue is needed to enable it to pay its operating expenses, set aside a reasonable amount for depreciation, and pay a fair return upon the fair value of its property used and useful in the public service. The remonstrants object to any increase and say that the valuation claimed by the company is too large, that items of property are included

in the inventory, which are not used or useful in the service rendered, that the business is not economically and prudently managed, and finally that the petitioner has not segregated the costs of operating the Calais system, but has combined the operating costs of the Calais and the Milltown, N. B., systems, and has therefore failed to show the necessity for more revenue so far as the Calais system is concerned. We shall first consider the objections raised, and shall then endeavor to determine as equitably as possible how much, if any, increases in the existing rates can be granted to the company and at the same time do justice to the company's customers and to the public.

In view of the very full and complete examinations and reports made by the chief engineer and chief accountant of this Commission in the former rate case hearing of this company (F. C. 167) and the exhaustive opinions rendered by this Commission and by the Board of Commissioners of Public Utilities of New Brunswick in connection with that case, we do not consider it necessary to go into those details again at this time, involving as it would for the most part, simply a repetition of the work then done. Neither the evidence presented in this case nor any knowledge that we have indicates to us the necessity of such a repetition at this time. As to the objection raised that non-essential items are being included in the property on which a return is claimed, we see no reason to change the position taken by both Commissions in the former case. We deem the standby service afforded by the reservoir and pumping station as a necessary and very important part of the system, and do not consider that this part of the service ought to be eliminated or that the cost of carrying it is unreasonable.

Inasmuch as any rates which we feel authorized to consent to in this case will necessarily produce less than an amount which would be regarded as a fair return upon the investment however it is considered, we do not deem it necessary at this time to make any formal determination as to the actual present value of the plant.

The remonstrants further object that operating costs of the company are excessive, and that certain items have been improperly included therein. It is now admitted by the company that certain items were included as operating expenses which ought to have been charged to depreciation or amortized over a term

of years. A few items occur which will probably not be constant, and will probably be eliminated in future operating expense accounts, and possibly also some economies in management can be effected. But after readjusting the expense account, and making due allowance for all possible reductions, it is still apparent that sufficient net revenue cannot be obtained under the existing rates. Such reductions as are possible would only affect in a very minor degree the rate of return which the company might thereby enjoy.

The remonstrants further object because the operating costs of the Calais and the Milltown, N. B., parts of the system are not kept separately. The system is operated as one complete system, and to separate it must involve additional expense to each of the communities served. The evidence shows that so far as Calais is concerned, it would be necessary to employ an extra man, and bear alone an expense that is now shared with Milltown. Other reasons were also urged why the separation ought not to be made. It seems evident to us that Calais is to some extent at least, benefited by combining with Milltown, and that no resulting disadvantage accrues. No compensating advantage would result from separating the expense account of these two and we see no reason why it should be required.

One of the principal items of increased expense, so far as rendering service in the city of Calais is concerned, consists of the additional amount of taxes assessed against the company by the city of Calais. We believe that this particular additional cost of service ought to be borne so far as practicable by the city of Calais, as a part of the cost of its public fire protection and as small a part as possible paid by the other customers. It seems to be evident that the net amount to be paid by the city for its public fire protection, over and above the amount received from the company by the city in taxes, ought, under the same or similar conditions, to remain reasonably constant. If increased rates are to be granted to meet the requirements of the company, such increase ought not to be absorbed by an increased tax assessment. We shall, therefore, provide in this order that such increases as are granted in the rates for public fire protection service, shall be further increased by such amount as may be added to the present tax assessment of the city of Calais.

The company asks that the fee for shutting off and turning on the water be increased from two dollars to four dollars. We do not feel that the facts in the case and the evidence presented justify us in granting this request.

We shall allow the increased meter charges as requested with slight reductions and changes in the case of the larger users, with the minimum charge at \$4.50 for three months instead of \$6.00 as requested.

The increases allowed ought to yield a substantial increase in revenue, and will in our opinion distribute the burden as nearly fairly as possible. The new schedule is in some respects tentative and experience may show that some changes may be required.

Jurisdiction will be retained over this case, so that such changes, if any, as are found to be necessary, either from the viewpoint of the company or the public, may be made promptly, either upon our own motion or upon application of any party interested.

It is

ORDERED, ADJUDGED AND DECREED

(1) That the aforesaid revision of its rates charged for service to the public, proposed by the Calais Water & Power Company as presented, is not reasonable and just in all respects and the same is hereby rejected;

(2) That the said Calais Water & Power Company be and it hereby is authorized to publish and file forthwith, effective July 1, 1921, a revision of its schedule of rates for water for domestic, commercial and municipal purposes, with the following provisions, to wit:

City Hydrants

First 100 hydrants, each.....	\$100 per year
Extra hydrants, each	55 per year

and in addition thereto such sum as may be assessed by the city of Calais against said company for taxes over and above the amount of \$4,620.

Meter Services

First 1,000 cubic feet per month.....	40c per 100 cu. ft.
Second 1,000 cubic feet per month.....	35c per 100 cu. ft.
Third 1,000 cubic feet per month.....	25c per 100 cu. ft.

Next 3,000 cubic feet per month..... 15c per 100 cu. ft.
Excess over 6,000 cubic feet per month.. 10c per 100 cu. ft.

Minimum Meter Service Charge

In case the consumption of water does not amount to \$4.50 for three months, the consumer will be required to pay a minimum charge of \$4.50 for each three months.

(3) That jurisdiction be retained over this case with full power to alter, amend, or revoke any part of this order, or to modify said schedule in any respect, in whole or in part, on motion of this Commission or on application of said company or of any aggrieved person or persons, with or without further hearing, without notice or on such notice as it may order.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Re: proposed advance in telephone rates by the Half Moon Telephone Company.

F. C. No. 357. JULY 25, 1921.

Trafton and Greenlaw, Commissioners.

Appearances: A. R. Murch, Manager, for the Half Moon Telephone Company.

On April 2, 1921, the Half Moon Telephone Company, a public utility under the jurisdiction of this Commission, rendering service in the towns of Thorndike and Freedom, and in a portion of the towns of Knox, Montville and Unity, filed in the office of the Commission its Schedule M. P. U. C. No. 3, thereby proposing to make certain increases in its existing schedule of rates, to become effective on June 1, 1921.

Soon after this new schedule was filed, the Commission received a complaint from certain patrons of the company, that the service being rendered was unsatisfactory, and protesting against the proposed increases in rates.

Thereupon the Commission suspended the effective date of the proposed schedule for a period of three months, and after a preliminary investigation, ordered a public hearing to be held in the

Grange Hall in Thorndike, on June 14, 1921, at ten o'clock in the forenoon, standard time. Public hearing was then and there held and notice was proved to have been given as ordered. At this meeting the company was represented by its manager, A. R. Murch, and many of the patrons of the company were present in their own behalf. It appears from the evidence taken at the hearing, and from the investigation made by our telephone engineer since the hearing, that, while the quality of the service is fairly good, many causes of complaint exist and many interruptions of service occur. Some of these complaints and interruptions of service arise from causes which can and ought to be removed by the company, and to which we shall later refer. Others arise from causes beyond the control of the company, and can only be remedied by the active co-operation of the patrons themselves. This is notably the case in regard to the very great annoyance and inconvenience caused by the "listening in" on the party lines. This practice is one of the most prolific causes of poor service in this as well as in many other telephone companies. We believe that this cause of complaint can be quite largely eliminated, if the subscribers themselves, will co-operate with the officers of the company with that end in view. If the people, who persist in this practice, can be made to feel the weight of an indignant and outraged public opinion, they will not long indulge in it.

It appears that the pole lines and wires are in need of many repairs and improvements, some of which have been suggested to the management by our telephone engineer, and others will become apparent as the repair work progresses. We urge upon the company the great importance of having this repair work thoroughly and speedily accomplished, for without these improvements, satisfactory service cannot be rendered.

The company, in 1920, had a plant investment of \$2,700.00 and served 121 subscribers. The operating revenues of the company for 1920, were \$2,684.10, and the operating expenses were \$2 985.63, showing a deficit for that year of \$301.53. The amount set aside for depreciation in that year was too small, and should have been at least five per cent of the plant investment. It is evident, therefore, that the company requires more net revenue, which must be obtained either by an increase in its operating revenue through an increase in rates, or by a decrease

in its operating expenses. In our opinion both these methods are necessary in this case. The company can, by making certain suggested improvements, and possibly with an additional capital investment, quite materially decrease its operating expenses, but it must at the same time have additional revenue through an increase in rates, if it is to perform efficiently its public duties.

We believe that the rates proposed in the new schedule are just and reasonable, provided the company puts itself in a position to render a more satisfactory service to its subscribers, as herein above suggested. In order to allow the company an opportunity to make the necessary repairs and improvements in its lines, we shall make the effective date of the new schedule October 1, 1921. It is impossible, however, at the present time, to determine the effect of the proposed rate increases, and whether or not they will be fair both to the company and its customers. For this reason, we shall not close this case, but shall retain it upon the docket of the Commission for such further action as may be deemed necessary. It is, therefore,

ORDERED, ADJUDGED AND DECREED

1. That the schedule of the Half Moon Telephone Company, known as its Schedule M. P. U. C. No. 3, filed with this Commission on April 2, 1921, be and the same hereby is allowed as a schedule of just and reasonable rates, and that said schedule become effective on October 1, 1921;

2. That this case be not closed, but remain open upon the docket of this Commission for such further action as may be deemed necessary, upon the evidence already presented, or upon such further evidence as may be introduced, either by the Commission on its own motion, or upon petition of any party interested, after such notice and hearing as the Commission may order.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

J. G. Sawyer & Company vs. Bangor & Aroostook Railroad Company—reparation of \$152.67 in transportation charges on spruce logs.

F. C. No. 415. JANUARY 18, 1922.

During the period beginning April 27th, 1921, and terminating May 9th, 1921, seven (7) carload shipments of spruce logs, weighing 393,200 pounds, were forwarded from Kingsbury and Parrot sidings to Dover & Foxcroft, consigned to J. G. Sawyer & Company. The transportation charges on the seven carload shipments in question were based on a rate of 7 cents per 100 pounds, in accordance with Bangor & Aroostook Railroad Company's Tariffs M. P. U. C. Nos. 768 and 819, resulting in a total freight charge of \$275.24.

It is set forth by the respondent carrier that prior to April 25th, 1921, there was in effect, in accordance with its Tariff M. P. U. C. No. 801, a rate of \$3.50 per M feet, carload minimum 5,000 feet, on spruce logs from the aforesaid points to Dover & Foxcroft, but for reason that advice was received from shipper that such tariff would not again be used, cancellation of that tariff was made effective on April 25th, 1921. For reason that the information furnished by shipper was erroneous, the respondent carrier re-established and made effective on May 10th, 1921, by its Tariff M. P. U. C. No. 828, the rate as in effect prior to April 25th, 1921, and now seeks authority to grant reparation on the seven cars in question, on the basis of the rate of \$3.50 per M feet, as re-established in its Tariff M. P. U. C. No. 828.

Further, it is admitted by respondent carrier that the rate of 7 cents per 100 pounds, as lawfully applicable at the time and over the route shipments traveled, was, under all circumstances and conditions then existing, excessive and unreasonable.

It appearing that the petition for reparation comes within the provisions of section 50, chapter 55 of the Revised Statutes, and it further appearing that sufficient cause exists for the granting of the petition, it is

ORDERED, ADJUDGED AND DECREED

that the Bangor & Aroostook Railroad Company be, and it hereby is, authorized and directed to refund to J. G. Sawyer & Company the sum of one hundred and fifty-two dollars and sixty-seven cents (\$152.67), which is set forth as the amount collected in excess of a reasonable charge for the service rendered.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

In the matter of Merle G. Chesley et als, petitioners, vs. Androscoggin & Kennebec Street Railway.

F. C. No. 409. FEBRUARY 21, 1922.

Gurney, Chairman; Trafton and Greenlaw, Commissioners.

This is a petition signed by Merle G. Chesley and others complaining against the Androscoggin & Kennebec Railway Company with reference to one-man cars now in operation by said railway upon the branch running from Augusta, Maine, to Winthrop. The petitioners predicate their objections to the said cars upon three grounds:

"First, because it is not safe.

"Second, because the arrangement of the doors makes it inconvenient to enter or leave the car at many points.

"Third, because of its under capacity."

Upon receipt of this complaint a copy of it was furnished the respondent agreeably to the provisions of section 44 of chapter 55 of the Revised Statutes, and the respondent was given notice according to the provisions of the statute "if at the expiration of ten days such public utility had not removed the cause of complaint to the satisfaction of the Commission, the Commission would proceed to set a time and place for hearing." This notice to the respondent bore the date of December 23, 1921. No action having been taken by said utility to obviate the grounds of complaint of the petitioners, this Commission, under date of January 6, A. D. 1922, ordered a public hearing to be held at the office of the Commission on January 24, 1922, at 10 o'clock

in the forenoon, and notice of said hearing was given to the parties interested and was also published in the Daily Kennebec Journal. At the time set for said hearing it was continued by order of the Commission until the 21st day of February, 1922, to be held at the office of the Commission at 10 o'clock in the forenoon. At the time and place set for said hearing some of the petitioners were present while the respondent was represented by Mr. John E. Nelson.

The only witness for the petitioners was Mr. Chesley himself, who testified in a very general way that he felt the car was not desirable for use upon the line from Augusta to Winthrop. Mr. Chesley expressed his opinion that owing to the condition of the roadbed in the spring, the one-man car now in operation, being light, might easily be derailed and possibly be precipitated over an embankment. Mr. Chesley admitted, however, that he had no basis on which to predicate his fear from any observation that he had made with reference to this particular car or any other of similar construction. We have carefully considered the situation presented to us, for obviously if danger to the public lies in the operation of these cars, their use must be restricted or forbidden. Such consideration of them as we have given, however, does not warrant us in forbidding their use from any evidence now before us. These one-man cars first came into use six or seven years ago and there are now approximately 6,000 of them in use in this country. The car operated upon the Augusta-Winthrop line is of the standard form of construction. It weighs approximately eight tons and seats 32 persons comfortably. Operated by a careful man at a proper rate of speed upon a roadbed properly constructed and maintained, we see no unusual danger of derailment suggested by Mr. Chesley. It appears that they are a saving to the management of the road in their cost of operation and provide an enlarged opportunity for service to patrons along the line that would not be warranted by the patronage of this particular line if the cost of operation of the larger two-man cars be required. The one-man car is an innovation for any street railway service but for that reason alone is not objectionable. The public will gradually accustom themselves to its use. It is capable of operation from either end. The conductor stands in the front end where he collects fares and gives transfers to passengers. In order

to operate the car it is necessary for him to press down upon the controller handle or to operate an auxiliary valve by his foot. When the pressure is taken away from either the controller handle or the auxiliary foot valve, the power is shut off from the motor and automatically the air brakes are applied, the tracks sanded and the doors through which ingress to the car and egress from it are made, are unlocked. In the particular type of car under operation, the car cannot be started while the door is open nor can the door be opened while the car is in motion. These automatic contrivances tend to protect the passengers in the case of the sudden disability of the operator of the car or of his negligent inattention to duty while engaged in the operation of the car. We do not feel persuaded by any facts that appear at the hearing to restrain the use of the one-man car upon the Augusta-Winthrop branch of the respondent company on the ground that it is unsafe as set forth in the petition. We have likewise considered the arrangement of the doors which is made a special ground for objection to its use by the petitioner. It is necessary for passengers to enter and leave the car by the right hand door at the front end. It is true that when the snow is high this may conduce to more or less inconvenience, and it is a matter of common knowledge that the cars may not be as convenient for entry and exit as the larger cars opening at both ends and upon both sides at the rear of the car. We assume, however, that the patrons of this particular line are not strongly opposed to this slight inconvenience because at the hearing, which had been publicly advertised, as we have said before, Mr. Chesley, himself, was the on'y one who appeared to give testimony. We have already animadverted to the fact that the general manager of the road testified that the Augusta-Winthrop branch was regarded a financial burden to the road considering its cost of operation and revenue producing capability per mile as compared with other branches of the same system. The petitioners further express their objection to the continued use of the one-man car on the ground of the under capacity. It was in evidence that the hours of 8 o'clock in the morning to Augusta and 4 o'clock from Augusta to Winthrop in the afternoon provided the larger number of passengers for carriage, and it also appeared that upon these trips other cars were provided to care for this extra number of passengers.

From our study of this case and our consideration of the fact that such objections as were raised were voiced only by one witness, notwithstanding the unusual publicity given to the case, and that it is a novel question, interesting for that reason, and particularly because these cars upon this branch of the line are used by many people who would be alert to protest dangerous, inconvenient and inadequate conditions if they felt they really existed to an unusual degree.

We feel that the complaint of the petitioner should be dismissed and it is accordingly

ORDERED, ADJUDGED AND DECREED
that the complaint be and the same hereby is dismissed.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

John W. Scott, et als, vs. The Androscoggin & Kennebec Railway Company.

F. C. No. 402. MARCH 15, 1922.

Gurney, Chairman; Trafton & Greenlaw, Commissioners.

This is a petition of John W. Scott of Sabattus and others complaining against the Androscoggin & Kennebec Railway Company, a public utility amenable to the jurisdiction of this Commission in two respects:

1st. That the service rendered by the said utility is inadequate and

2nd. That the rate charged by said utility for transportation of passengers between Lewiston and Sabattus is unreasonable and unjust.

A hearing, after notice to all concerned, was held at Lewiston, Maine, February 13, 1922, at the rooms of the Chamber of Commerce.

The Androscoggin & Kennebec Railway Company is a corporation organized in 1919 by the Protective Committee of the Lewiston, Augusta & Waterville Street Railway First and Refunding Five Per Cent Bond Holders. Its main line of railway

to the north extends from Lewiston through Sabattus, in the town of Webster, thence by way of Wales, Litchfield, Gardiner, Augusta and intervening towns to Waterville, its most northerly terminal. The track is a single track, with sidings, one of which is at Thorne's Corner, of which we shall again speak.

The immediate complaint is with reference to that section of the line lying between Lewiston and Sabattus, a distance of approximately 6.9 miles. The company has been accustomed to run a regular car leaving Lewiston at 6 P. M. and passing through Sabattus. In addition to this it has furnished two extra cars, one leaving Lewiston at 5.55 and the other at 6 P. M., providing three cars in all to care for the transportation of passengers from Lewiston to Sabattus. It was in evidence that the mills of Lewiston suspend their operations at 5.30 o'clock in the afternoon and from these mills come many of the passengers proceeding from Lewiston to Sabattus. Most of the mill employees are accustomed to leave their homes in Sabattus in the early morning and to remain in Lewiston until it is time for them to go home. The ordinary traffic from Lewiston between 5.30 P. M. and 6.00 P. M., a time of day usually productive of numerous passengers, was thus augmented by the residents of Sabattus and intermediate points working in Lewiston and Auburn mills. It was established that the first car proceeding from Lewiston to Sabattus was invariably much overcrowded. Women were subjected to the crowding and jostling to an extent that does not comport at all with the fulfillment of the duties of a transportation company to provide reasonable and adequate service. This Commission was convinced by the evidence that the existence of the conditions complained of is not a discharge of the duty by the transportation company to render such adequate service and we shall grant the petition to this extent and decree that these conditions be remedied. Several plans of meeting the state of affairs which we have discussed were suggested. Among others was one that appeared to the Commission as entirely feasible and consisted in running a further extra car from Lewiston to Thorne's Corner, a point intermediate between Lewiston and Sabattus. So many of the passengers leave the car in the vicinity of Thorne's Corner that the proposed extra car will relieve the congestion of the Sabattus car. We shall not attempt to fix the time defi-

nately at which this extra car, that we now prescribe, shall be furnished but it is our intention that such car be furnished about 6.00 o'clock in the afternoon in such a manner and at such a time as will remedy the conditions complained of with so much reason. By this elasticity in the order providing for this extra transportation the management will be enabled to avoid troublesome conflicts with its present schedule and for this reason alone are we refraining from specifically stating the time at which the car is to leave Lewiston. We feel, however, that our purpose is so clearly stated to provide for an extra car at this time and place, that we feel sure the management will have no difficulty in arranging the car service in accordance with such intent. According to the evidence this extra car will not be necessary Saturday afternoons or Sundays since the mills at these times are closed and our order therefore contemplates the providing of extra transportation facilities from Monday to Friday, inclusive. Legal holidays also may be excepted from the terms of this order and such days are left now as formerly to the discretion of the management of the railroad.

The complaint also, as we have said before, was directed to the fare of eighteen (18) cents for the distance between Lewiston and Sabattus. No sufficient evidence was offered by the petitioners touching this question on which we could reasonably base a decree. It is true that certain materials as well as the price of labor are lower than they were a year ago. There are many other elements, however, that enter into the establishment of a rate for transportation; nevertheless we should not dismiss the petitioners' request for reduced fare without a more exhaustive study were it not for the fact that our Commission has within a relatively recent period given extended and thorough consideration to this very question. Since the re-organization of the company in 1919, the rate of return upon the property of the company used and useful in the discharge of its public duties has averaged less than $4\frac{1}{4}$ per cent. From our familiarity with the condition of this particular utility, we do not feel that at the present time we should be authorized under the law of this State in reducing the cost of transportation from Lewiston to Sabattus in accordance with the petitioners' request. We realize that the rate now existing, when compared with former rates, seems to be large, but under the provisions of law of this

State established by the representatives of our citizens in legislature assembled, it was enacted "that the rate * * * shall be reasonable and just, taking into due consideration the fair value of all its property (i. e. the property of the utility) with a fair return thereon, its rights and plant as a going concern, business risks and depreciation."

After careful consideration therefore, it is

ORDERED, ADJUDGED AND DECREED

That the Androscoggin & Kennebec Railway Company take immediate steps to render adequate and reasonable service to passengers by providing extra transportation facilities, over and above that obtaining at the time of said hearing, between Lewiston and Thorne's Corner or Lewiston and Sabattus, between the hours of 5.30 and 6.05 in the afternoon, on all days of the week from Monday to Friday, inclusive, except holidays.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

In the matter of the formal complaint of Charles C. Wood et als, against the Maine Central Railroad Company.

F. C. No. 404. APRIL 3, 1922.

Gurney, Chairman; Trafton and Greenlaw, Commissioners.

This is a formal complaint of Mr. Charles C. Wood and more than ten others against the Maine Central Railroad Company, a public utility operating as a common carrier of both freight and passengers within as well as beyond the limits of the State of Maine, in which the complainants allege that the said public utility is not furnishing reasonable and adequate facilities upon that section of its road known as the Rockland Branch. The Rockland Branch under discussion is located between Brunswick, situated upon the main trunk line of the road, and Rockland, Maine, and is approximately 55.93 miles in length. The Rockland Branch passes through the towns, among others, of Bath, which has a population, according to the last census, of

14,731 persons, of Woolwich having a population of 875, Wiscasset 1192, Damariscotta 849, Newcastle 993, Warren 1500, Thomaston 2019, and Rockland 8,109. It also serves Camden having a population of 3,403, and other neighboring coastal towns and islands off the nearby shore. The territory so served is an agricultural, fishing, manufacturing, lime producing and commercial community, and comprises a section of the State, dependent upon this line of railroad for its association and commerce with the rest of the country. The complaint is directed particularly against the week-day passenger service, which includes the transportation of mail and expressage as incidents. Notice of hearing as ordered by the Commission was duly complied with and a hearing was held at Rockland aforesaid, on the 11th day of January, 1922. Mr. J. H. Montgomery and Mr. Alan L. Bird appeared for the complainants, while Mr. Charles H. Batchford, general counsel for the respondent utility, appeared with Mr. George S. Hobbs, Vice President, on behalf of the Maine Central Railroad Company. The vital point at issue is whether the present train service is reasonable and adequate to the needs of the community served by it, proper consideration being paid to all attendant conditions and circumstances. It was not controverted that at the time of the hearing the passenger week-day train service is as follows:

<i>Eastbound.</i>			<i>Westbound.</i>		
	A. M.	P. M.		A. M.	P. M.
Leave Brunswick	8.02	1.50	Leave Rockland	7.30	1.45
Arrive Rockland	11.05	5.00	Ar've Brunswick	10.45	4.55

Complainants forcefully asserted that the needs of the community required the operation of a train which should leave Rockland for Brunswick late in the afternoon and also of a train arriving at Rockland in the early evening. The railroad company, at the threshold of the proceedings, with equal forceful statement, interposes the objection that its financial condition as well as the volume of the traffic upon this branch, would not warrant the expenditure required for the maintenance of such additional trains. Mr. Hobbs, Vice President of the road, thoroughly conversant with its financial needs, testified that the cost of operation of such additional service of two trains would

approximate \$3,137.75 for a period of 28 days. This amount included the extra expense which would inevitably arise from the operation of the ferry boat transporting trains across the Kennebec river between Woolwich and Bath, but Mr. Hobbs very frankly stated that against such amount, should be credited the profits accruing to the road by reason of such extra service, although he did feel, apparently, that such income would be derived at the expense of the earnings from the trains at present operating. In other words, while the traffic might shift to the new trains, it would be withdrawn from the traffic at present cared for by the now existing service. It was in evidence that persons living upon the line of the railway were prevented from trading in Rockland, owing to the need of departure at 1.45 in the afternoon, which is the last train now leaving Rockland for Brunswick, and this fact, in the opinion of local merchants, worked injury both to the customers and to the business houses in Rockland, Camden and vicinity. Such witnesses for the complainants strongly emphasized the alleged disadvantage to the community with reference to the arrival and distribution of mails. The morning mail reaches Rockland at 11.05, is distributed within a reasonable time, but the witnesses claim it cannot be delivered in time for a reply to be prepared and sent out on the train leaving Rockland at 1.45 in the afternoon, with the resultant handicap to the merchants who are in competition with those of other communities which are enabled by superior train service, to make more prompt replies. It was especially brought to the attention of the Commission that the town of Camden, eight miles distant from Rockland and served by this same branch as far as Rockland, and thence by an electric street railway, received mail directed to it at about 12.30 o'clock in the afternoon, but as the mail from Camden destined to Rockland or points beyond, is closed at 12.15 in the afternoon, it was impossible for the citizens of Camden to receive mail and make answer by a mail going forward before the next day. The citizens of Camden, therefore, complain that in these days of sharp competition in commerce, when time is so important a factor in the successful conduct of business, that their town with its five woolen mills, its two banks and its other industries, is working against odds that could be remedied only by the inauguration of extra trains, one in each direction upon this branch line from

Rockland. This disadvantage was especially urged as being extremely unfavorable to those doing business as bankers at Camden, and as a necessary corollary to the customers of the banks, for it was in evidence that a letter leaving Boston on Monday, arrives at Rockland on Tuesday at 11.05 A. M., and at Camden at 12.30 P. M.; but as the mail for Boston closes at Camden at 12.15, a reply often involving matters of considerable financial importance, could not be forwarded from Rockland before the train leaving Rockland at 7.30 Wednesday morning, so that the letter normally would reach Boston at 3.30 in the afternoon of Wednesday, too late for receipt during banking hours of Wednesday, and therefore in practical effect, it is not until Thursday morning that a reply is received in Boston. The resources of the banks of this vicinity, thus said to be affected, are set at ten millions of dollars; the loss of interest on each day's delay was emphasized as being of no small importance to the people of this community.

On the other hand, the respondent utility maintains that its present financial condition will not only not warrant but will not permit of the restoration, at the present time, of the two additional trains, which were formerly operated upon this branch, and whose reinstatement is sought by these proceedings. Mr. Hobbs, Vice President of the Maine Central Railroad Company, testified in detail concerning its financial condition and dwelt upon the very important but regrettable truth that the respondent is now and has been for a considerable space of time operating its entire line at a deficit. This deficit is gradually being made up and it is confidently hoped by all that within a reasonable time it will be overcome. It is interesting, however, and logically important to observe that this deficit has never been claimed to be the result of excessive and unnecessary train service. It is frankly conceded that war conditions, with its attendant disturbance of the economic equilibrium, have brought about the burdensome and alarming conditions against which railroads here and elsewhere are now struggling. It was sought to be established that the return of income from the Rockland Branch from November, 1920, to October, 1921, inclusive, including the revenues from freight, passenger, mail and expressage, reached the approximate figure of \$875,784. The passenger revenue in itself for the same period was as follows:

November, 1920	\$23,451
December, "	23,398
January, 1921	20,491
February, "	17,153
March, "	22,581
April, "	19,028
May, "	18,892
June, "	22,107
July, "	24,391
August, "	27,509
September, "	24,926
October, "	19,564

The total of such passenger revenue was approximately \$263,491. These figures are not exact and it is not possible for the respondent utility to state with definitiveness the earnings of this particular branch. A letter from the comptroller of the respondent utility contains this excerpt: "Revenue accounts are kept for the Maine Central Railroad as a whole and no current figures are available showing earnings for a particular portion of the system. Therefore, any such statement as this must be based largely on estimates and we have shown in the footnote the basis on which the figures were compiled." The footnotes appearing upon a schedule of approximate earnings on the Rockland Branch to which the comptroller refers were as follows:

"NOTE:—Freight revenue based on actual figures for traffic between Rockland Branch stations and between such stations and other Maine Central points and upon average percentages applied to monthly totals of traffic between Rockland Branch stations and points on connecting carriers.

"Passenger revenue based on actual figures for months of January, April, July and October, 1921, with estimate for the remaining months based upon the ratio of total passenger revenue for such months to total passenger revenue for year ended October 31, 1921.

"Mail revenue based on actual authorizations of the Post Office Department on Rockland Branch with estimate of revenue from such traffic accruing to Maine Central beyond the Rockland Branch, assuming that the proportion assignable to the Rockland Branch on such traffic is 55% of the total.

"Express revenue assignable to Rockland Branch based upon average express revenue per car mile, using mileage of baggage, mail and express cars excluding mileage of full R. P. O. and storage mail cars. Proportion of express revenue from such traffic accruing to Maine Central beyond Rockland Branch estimated on same ratio as for freight traffic."

We do not feel that it is established more than inferentially, therefore, that this branch of the road is operated at such a financial disadvantage that an additional train in both directions will entail serious consequences. We are justified by authority as well as by reason to take this want of exact earnings and disbursements into consideration. Re Chicago, Milwaukee and St. Paul Railroad Company, P. U. R. 1920 A 343. Assuming, however, for the purposes of this case that these extra trains upon this branch may be operated at a small pecuniary loss, such fact in itself would not be controlling and would not prohibit the Commission from ordering the installation of extra trains to provide that reasonable and adequate service required by the statutes of this State. This is not a matter involving the establishment of rates; the utility is clearly not only required by its duty to its stockholders to receive sufficient revenue to pay its expenses but sufficient also to pay a return upon its investment. We recognize this underlying principle but we are not dealing with that here. The question here is whether the present service is reasonable and adequate.

This case comes at a time when the entire nation is recovering from the effects of a disastrous war—effects felt most vitally by railroads throughout the land.

Although the hearing was in January, the Commission has been unable to render a decision prior to this time, because of its realization that it was dealing with fundamental economic principles that must be thoroughly weighed and considered. On the one hand is what appears to be public convenience and necessity, and on the other appears the consideration due the railroads and their stockholders, whose money is invested in the enterprise. Transportation and commerce are so indissolubly linked that injury to the one is inescapably reflected by the other. We do fully realize that the time has not yet arrived for the resumption of normal conditions of transportation that obtained prior to the great war. We do feel, on the other hand, after mature deliberation,

eration, that an important section of our State is in danger of economic starvation by too restricted transportation facilities. It is an elementary proposition that railroads, from the public nature of the business by them carried on, and the interest which the public has in their operation, are subject as to their state business to state regulation which may be exerted either directly by the legislative authority, or by administrative bodies like our own, endowed with power to that end. The public power to regulate railways and the private right of ownership of such property coexist and do not the one destroy the other; it has been settled that the right of ownership of railway property, like other property rights, finds protection in constitutional guaranties, both State and Federal, and if the power of regulation be exerted in an arbitrary and unreasonable way, so that in effect it is not a regulation but passes beyond those limits and becomes an infringement upon the right of ownership, such attempted regulation would be void by reason of the constitutional provisions. We have carefully considered the requirement that the nature and extent of the existing facilities furnished by the respondent utility for the public convenience must be examined with a view of determining whether an increase of such facilities is just and reasonable, and it is only when the deficiency of such facilities clearly appears that we are justified in directing the providing of new and additional facilities, on the ground that the now existing facilities are unreasonable and inadequate. All these elements upon which judgment must be based have received the thoughtful attention of this Commission. We have already referred to the fact that since no separate account of the revenues from passenger service upon this branch is available, and that such information as has been furnished us by the railroad is frankly stated to be an approximation, we are not at all certain that this branch is not being conducted on profitable terms. Nevertheless we feel that we should assume, for the purposes of discussion, the belief of Mr. Hobbs that the ordering of extra trains as asked for by the complainants would result in some pecuniary loss. This fact alone does not interpose an insuperable barrier to an order that such trains be inaugurated. This subject has received the consideration of commissions and courts, and from our study of the law we believe we may state fairly that the Commission does not trans-

pend its authority by directing that extra train service be required, even if to furnish such extra train service results in some pecuniary loss to the respondent utility. "The primal duty of a carrier is to furnish adequate facilities to the public, although by doing so some pecuniary loss from rendering such service may result; the mere incurring of a loss from the performance of such a duty does not in and of itself necessarily give rise to the conclusion of unreasonableness. The duty to furnish reasonable and adequate facilities is coterminous with the powers of the corporation," and the obligation to discharge that duty must be and has been considered in its relation to the productiveness of the corporate business as a whole, the character of the service required, the public needs for its performance, and the fact that the petitioning utility is recovering, even though slightly, from the economic misfortune that followed war conditions.

Sustaining our view that incidental pecuniary loss in the operation of the trains asked for is not prohibitive of our authority to order the reinstatement of such trains, are the following authorities: *Atlantic Coast Line vs. North Carolina Corporation Commission* (1906) 206 United States Reports, Page 1; *State vs. Great Northern Railroad Company*, P. U. R. 1915 D, Page 467, 153 Northwestern, 247.

In *Missouri Pacific Railway Co. vs. State of Kansas ex rel. Railroad Commissioners* (1910), 216 U. S. 262 taken to the Supreme Court of the United States on a writ of error, was presented a case of a railroad company chartered in the states of Missouri, Kansas and Nebraska. It operated trains through several states, and the matter before the court had its inception in an order of the board of railroad commissioners of the state of Kansas, directing the putting in operation of a passenger train service on a branch line in the state of Kansas. This order having been made the basis of proceeding in the Supreme Court of Kansas, resulting in the issue of a peremptory writ to enforce obedience to it, required that the railroad, although having previously operated a train service on this branch at a loss, as found by the Commission, should now operate a motor car passenger service, or if unable to do that, should operate "a regular steam passenger train service."

The railroad promptly contended that the order was unreasonable and confiscatory; that the company could not comply with it without great financial loss; *that the entire revenue of the road within the state of Kansas, including passenger and freight business, was insufficient to meet the expense and cost of operating the road within the state*; that it had previously maintained separate passenger train service upon this branch, but was obliged to abandon the same because the receipts proved wholly insufficient to meet the expenses of operation.

The Supreme Court of the United States in sustaining the action of the Supreme Court of Kansas, and therefore the order of the Commission, said, among other things: "Of course, the fact that the furnishing of a necessary facility may occasion an incidental pecuniary loss is an important criterion to be taken into view in determining the reasonableness of the order, but it is not the only one. As the duty to furnish necessary facilities is coterminous with the powers of the corporation, the obligation to discharge that duty must be considered in connection with the nature and productiveness of the corporate business as a whole, the character of the services required, and the public need for its performance. The fact that the performance of the duty commanded by the order which is here in question, may, as we have conceded for the purpose of the argument, entail a pecuniary loss, is a circumstance to be considered in determining its reasonableness as are other criterions."

Missouri Pacific Railway Company vs. Kansas, 216 U. S. 262. See also Mississippi Railroad Commission vs. Mobile & Ohio Railroad Company, 244 U. S. 388 (1917). In a recent case decided by the United States Supreme Court, based upon some of the principles involved in this case, and yet principally concerned with the installation of a railroad siding, the court thus speaks: "An enforced discharge of the duty to provide such a facility does not amount to a taking of property without compensation merely because it is attended with some expense. * * * Of course, the expense is an important element to be considered in determining whether the requirement is within the bounds of reasonable regulation or is essentially arbitrary, but it is not the only one. The nature and volume of the business to be affected, the revenue to be derived from it, the character of the facility required, and the need for it and the advantage

to be realized by shippers and the public are also to be considered. *Chicago & N. W. Ry. Co. vs. Ochs.* 249 U. S. 421 (1919)."

We have already said that it is not entirely established that this Rockland Branch has been run at a financial loss. We have assumed such to be the fact in our consideration of the subject. The entire revenue of this Rockland Branch, according to figures submitted by the railroad itself, from November, 1920, to and including October, 1921, amounted approximately to \$875,784. The question was asked repeatedly, by counsel for the complainants, whether or not the Rockland Branch, as a whole, had in itself not been the profitable branch of the service. Mr. Hobbs was unable to answer the statement definitely but did state that the road is operated as a unit, and consequently he was unable to give otherwise than an approximation of the financial status of this particular branch of the railroad. The fact of the pecuniary loss incurred by this particular branch of the road, if such there be, has not been without its effect upon the minds of this Commission. We realize the acute situation of railroad finances but we must also consider the fact that a large and prosperous section of our State is doing business and living under conditions that militate against their economic welfare. We have already referred to the fact that a portion of the business of this community is the fish business: it may fairly be called an important portion. An official of one of such industries, employing about 300 persons, with a pay-roll of from \$5,000 to \$6,000 a week, testified that 90 per cent of the shipments of this concern were forwarded by express. His testimony was so compelling that we quote a portion of it as indicative of the serious side of this problem from the view point of the community. The shipments to which he refers go in express cars, attached to the passenger trains, and so his evidence is relevant to our inquiry.

"Now the difficulty that we are up against is that we get an order on the 11.00 o'clock train and we are not able to ship it until seven o'clock the next morning, and the fish business is a business which is done on a very close margin, and pretty keen competition, and we are having hard work to hold the business. We have people out trying to sell fish to people in Waterville and Augusta, and they have told me they can get better service

from Portland than from Rockland. If we could have that afternoon train put back, then we would have plenty of time to make our shipments. We would get our mail on the 11.00 o'clock train and have plenty of time to get our stuff ready and ship it out on the 5.00 o'clock train. If we had a nine o'clock train in, we could get our mail that night and have it ready in the morning. We don't know but we may have to move the business to Portland or somewhere where we can get better shipping facilities. The fish business is in bad shape, and this company has failed once, and they are trying hard to get back on their feet, and we don't want to be handicapped by poor shipping facilities.

Q. What do you mean, Mr. Lawrence, by saying if you could get a nine o'clock train in?

A. We would have the mail in the morning.

Q. You mean you could get the mail that night?

A. No, we would have it at eight o'clock in the morning, ready to work on and have all day to get it ready."

Honorable Elmer S. Bird's statement summarizes the thought that apparently prevails in this community and we quote a portion of it: it should be borne in mind, however, that we are not considering the freight transportation problem but merely the passenger service and the express business as identified with it as an incident. Mr. Bird says:

"Now these people have just invested in the neighborhood of half a million in an improved battery of kilns. It was quite a considerable venture and an important investment for a town of this size. If it is a failure or if it is unprofitable because of the service the railroad gives us, I am concerned as to what the bearing will be on future progress in this locality. If the lime company, because of railroad facilities, cannot afford to maintain a plant at such a large cost, and if our fisheries company cannot pull out of this vast enterprise for lack of shipments, and our friends in Camden find it hard to do business, where is the future progress of our railroads coming to?"

After long extended consideration, therefore, and with a realization that we are taking a step thus far in the readjustment period taken by but few Commissions, we shall order the reinstatement of two trains from Brunswick to Rockland on week days until further order of this Commission. We feel con-

strained to say, however, that until this step shall have been justified by future experience, we shall not regard it as a precedent for the establishment of additional railway service upon other branch lines of any railroad operating within our State. We further suggest that it would be wise for the utility here involved to keep an account of the operating revenues and expenses of this particular line, in order that it may be capable of presentation to this Commission at any future time, if necessary. We assume that the spokesmen of the complainants were sincere in their statements, that the public community served by this utility will be quick to appreciate this extra service and will generously support it to the end that it may be a paying proposition to the railroad and that we shall feel justified in seeing that this additional service is continued. If, however, subsequent events shall disclose that the maintenance of these additional trains entail serious financial loss, the respondent utility may file a petition with us for the reopening and rescission of this order. We are hopeful that the quickened impulse to business will reflect itself in the revenues to the utility upon this branch line, and that this experimental order which has been arrived at only after much thought and consideration, shall be justified by such results.

Inasmuch as the making of a train schedule involves a consideration of other railroad connections and many other circumstances, we shall not specify the time of day when these trains shall be run but we shall assume that the utility will co-operate in an endeavor to remedy the conditions previously existing and which are complained of by the petitioners, and will inaugurate such service as will reasonably meet the terms of this order.

Accordingly, it is

ORDERED, ADJUDGED AND DECREED

1. That the Maine Central Railroad Company on and after the 10th day of April, 1922, until further order of this Commission, shall operate at least three passenger trains each way between Brunswick and Rockland in the State of Maine upon each secular day of the week; the schedule for Sunday being unaffected by this order: provided, however, that said Maine Central Railroad may operate upon its tracks a motor-car or motor-bus or any electrically propelled vehicle for the carriage

of passengers, mail and expressage between said Brunswick and said Rockland in place of one of the said regular passenger trains herein provided for as aforesaid;

2. That this order be retained upon the docket of this Commission, subject to reopening upon application of the respondent utility, if desired.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Carl C. Jordan, et als, vs. Woodland Light & Water Company.
Re extension of service

F. C. No. 399. APRIL 25, 1922.

Gurney, Chairman; Trafton and Greenlaw, Commissioners.

Appearances: Reed V. Jewett, Esq., and H. J. Dudley, Esq., for the complainants; Curran & Curran, for the respondent company.

This is a complaint of Carl C. Jordan and ten others, inhabitants of the village of Woodland, in the town of Baileyville, Washington county, alleging that the Woodland Light & Water Company, which is now rendering service in said Woodland, has refused and still refuses to extend its water mains along certain streets in said Woodland, and that thereby the complainants and other inhabitants of Woodland are unable to obtain service, whereby it is alleged that the service is inadequate and unsatisfactory. On this petition, after preliminary investigation by the Commission, notice was ordered and public hearing was held at the Court House in the city of Calais, on December 20, 1921, at nine (9) o'clock in the forenoon. Notice proved as ordered.

The Woodland Light & Water Company is a public utility under the jurisdiction of this Commission, organized under chapter 241 of the Private and Special Laws of Maine for the year 1909. It is engaged in supplying both light and water to the inhabitants of the village of Woodland.

The St. Croix Paper Company, a Maine corporation, came to Woodland some ten or twelve years ago and developed the water power there, and constructed a large plant. They also

built many small dwelling houses for their help, some of which they sold to their laborers. In the process of this development work, the St. Croix Paper Company laid out streets and built sewers which were afterwards taken over by the town, and was also instrumental in constructing this water plant. This water plant was originally, and still is, largely confined to what was formerly the property of the St. Croix Paper Company, or of the Woodland Company, so called, a real estate company in which many of the same owners were interested. As the village of Woodland grew, the thickly settled portion of the town extended to other lots of land, and many dwelling houses and some other buildings were built upon streets which were laid out in the village of Woodland upon land of other original owners, notably the St. Croix Land & Water Power Company. Among such developments were those along Palm Street and portions of Broadway and Washington Street.

The present water system serves only a small portion of the streets named, and the complainants allege and the testimony shows that there were, at the time the petition was filed, some fifty-nine (59) houses along these streets which could not obtain service, and that forty-eight (48) people who were interviewed expressed a desire for service and a willingness to enter the water main when it was constructed. The respondent company, through its attorney, Mr. George F. Curran, does not deny that there is a demand for this service, but does claim that these extensions as requested cannot be made and this service rendered at the present rates, as it is claimed that the present rates would not yield a sufficient revenue to justify the expense required in making the desired extensions.

In addition to the domestic service requested, it appears from the testimony of Mr. Jordan, one of the selectmen of the town, that there is a demand and necessity for a larger number of hydrants, in order that more efficient fire protection can be given. In order to furnish the service as requested, it will be necessary to lay approximately 5,000 feet of additional pipe line and to install probably six new hydrants. While no exact estimates of the probable cost of this extension have been submitted to the Commission, it seems probable from the best information available at this time that the proposed extension can be built at a cost of not exceeding \$9,000.00. This additional invest-

ment, in view of the evident demand and necessity for the service which can be secured thereby, does not seem to be an unreasonable one to make.

The evidence submitted in this case shows a demand and a necessity for this service, and we believe that the extensions should be made substantially as asked for.

This company having the sole right to furnish service within this territory is bound to render a service which will be reasonably adequate to meet the demands and needs of the community which it attempts to serve. The company cannot be permitted to select certain comparatively small and profitable sections of its territory and leave the rest of the community without service. We shall therefore order these extensions to be made, and such adjustments in rates as may be required can be made by proper filing of new rates and such proceedings as may be necessary to determine the reasonableness thereof.

It is therefore

ORDERED, ADJUDGED AND DECREED

1. That the Woodland Light & Water Company be, and it is hereby, ordered to make extensions of its six-inch water main in the village of Woodland, in the town of Baileyville, as follows:

(a) From the intersection of Broadway and Palm Street, in an easterly direction approximately 1,600 feet on Palm Street to Pine Street, and to connect with its present system either by extending a further distance of about 300 feet to the present hydrant at the intersection of Palm and Hemlock Streets, or by extending from the intersection of Palm Street and Broadway, in a northerly direction along Broadway, a distance of approximately 400 feet, to connect with the end of the present system on Broadway;

(b) Extend the six-inch main on Broadway from the hydrant located between Second and Third Avenues in a northerly direction approximately 900 feet, to connect with the present water main on Fourth Avenue;

(c) Extend the six-inch water main from the hydrant at the junction of Washington Street and Fourth Avenue in a northerly direction 450 feet, and from said hydrant in a southerly direction on Washington Street approximately 1,550 feet

to lot numbered "19," as marked on the plan filed in this case.

2. That said Woodland Light & Water Company locate upon the aforesaid extensions such number of hydrants and at such location as shall be agreed upon and determined between the company and the municipal officers of the town of Baileyville; and if said company and said municipal officers are unable to agree, or if the town of Baileyville does not consent to accept and pay for additional hydrant service, this Commission, upon application of either party interested, after notice and hearing, will make such modifications in this order as the circumstances may require.

3. That the extensions herein ordered be commenced as soon as may be, and in any event not later than June 1, 1922, and the work diligently prosecuted until the extensions herein ordered shall have been completed.

4. That said Woodland Light & Water Company report to this Commission on or before May 15th, 1922, in detail, in what manner it will comply with this order.

5. That this case be not closed, but left open upon the docket of this Commission for such other and further orders as may be required, either upon the evidence already submitted or upon such further evidence as may be presented after due notice and hearing of all parties in interest.

STATE OF MAINE.

PUBLIC UTILITIES COMMISSION.

Kennebec Water District: Proposed increase of rates.

F. C. No. 406. JUNE 23, 1922.

Gurney, Chairman; Trafton and Green'aw, Commissioners.

Appearances: Messrs. Pattangall & Locke for the Kennebec Water District; Harvey D. Eaton, Esq., and George M. Chapman, Esq., for the opponents; Frank Plumstead, Esq., for the city of Waterville.

This inquiry takes its rise from the filing with this Commission of a proposed schedule of rates increasing in some instances the present charges made to users of water within the district.

This proposed schedule has twice been suspended by order of this Commission partly because of the fact that the District had at about the same time filed a petition asking for authority to issue bonds, which was in part granted in the case numbered U. 573, and made the subject of a decree by this Commission, dated May 2, 1922. As a result of these matters pertaining to the District's affairs, this Commission has with care and at great length examined into the affairs of the district. A public hearing relative to the increase of rates was held in the city of Waterville on March 23, 1922, at 10.30 o'clock in the forenoon.

For general information, we may state that the Kennebec Water District is a quasi municipal corporation created by the Legislature in 1899 by chapter 200 of the Private and Special Laws. It supplies water to the city of Waterville, Fairfield Village Corporation, the towns of Benton, Winslow and Vassalboro, and the Central Maine Sanitorium in the town of Fairfield. Its affairs are managed by a board of five trustees, two of whom are chosen by the Municipal Officers of Waterville, two by the Municipal Officers of the Fairfield Village Corporation, and one of whom is appointed by the County Commissioners of Kennebec county from outside of said District. Each of these officers holds his office for a term of five years.

It is perfectly apparent to an impartial observer that the financial affairs of the district make imperatively necessary either an increase in its rates or a marked decrease in its expenditures because of the fact that for the last three years its expenses have annually exceeded its revenue. The following table is taken from the evidence and from the records in the office of this Commission and indicates the deficit existing in each of those three years:

	1919	1920	1921
Total expenses	\$85,317 47	\$100,025 53	\$109,336 08
Total revenue	84,125 10	89,392 16	94,658 54
Deficit	\$1,192 37	\$10,633 37	\$14,677 54

During the hearing an expert witness for the district claimed that by reason of an adjusted inventory and by a re-adjustment of the items which he termed "Special Expenses" the deficit of 1921 might be decreased to the amount of nine thousand nine

hundred dollars eighty-seven cents (\$9,900.87). We merely state this claim in the interest of clearness and not because the lesser deficit would make any material difference in the necessity for either an increase in rates or a decrease in the annual expenses of the district.

In our study of the voluminous evidence submitted, of the numerous exhibits, and after a careful examination of the records of the district, we have arrived at certain conclusions as to the probable expenditures of the district during a normal year, unmarked by extraordinary expenses, and this we have endeavored to show in the following tabulation:

Operating Expense	1921	Estimated requirement		Difference
		from July, 1922 to July, 1923		
Pumping Operation				
Maintenance	* \$ 21,904.77	\$ 16,000.00	\$ 5,904.77	decrease
Distribution Operation	1,915.18	1,915.18		No change
Maintenance	1,806.39	1,806.39		No change
Commercial Expense	96.83	100.00	3.17	increase
Taxes	653.19	650.00	3.19	decrease
Bad debts	(1) 1,848.75	50.00		(1) includes other items included elsewhere.
General and Miscellaneous Expense, including salaries, office supplies, law expense, insurance, etc.	17,777.15	15,000.00	2,777.15	decrease
	<u>\$ 46,012.26</u>	<u>\$ 35,521.57</u>		
Interest	37,420.00	46,870.00	9,450.00	increase
Sinking Fund	9,500.00	11,360.00	1,860.00	increase
Depreciation	15,000.00	15,000.00		No change
Amortization of discount	1,413.82	1,547.50	133.68	increase
	<u>\$109,336.08</u>	<u>\$110,299.07</u>		

* Includes power purchased

(1) Includes other items

Assuming the requirement for expense for the year from July 1st, 1922 to July 1st, 1923, to be one hundred ten thousand two hundred ninety-nine dollars seven cents (\$110,299.07), and if we assume the revenue for the same period to be identical with that for 1921, it is apparent that the sum of fifteen thousand six hundred forty dollars fifty-three cents (\$15,640.53) will be requisite to avoid any deficit at all. In tabulated form this

statement is as follows:

Estimated expenses July, 1922 to July, 1923....	\$110,299 07
Estimated revenues July, 1922 to July, 1923	
assuming them to be identical with those of the	
fiscal year 1921	94,658 54
<hr/>	
Resulting deficit	\$15,640 53

It has been customary for the trustees of the district, in the past, to collect from the rate payers the interest on the total outstanding bonded indebtedness of nine hundred fifty thousand dollars (\$950,000) notwithstanding the fact that some of these bonds had been repurchased by the district and were held by them in the sinking fund reserve. It was the contention of those who opposed the granting of this requested increase in rates that it was not proper for the district to collect interest on the bonds which the district had bought for retirement or as part of its sinking fund, and they strongly insisted that as fast as these bonds were purchased by the district for sinking fund purposes, the interest appertaining to them should be abated so far as the rate payers were concerned. The interest so collected upon the bonds in the sinking fund was added to and became an integral part of the sinking fund reserve and so increased this sinking fund reserve with the result that when the bonds actually mature the trustees would have available to pay them not only the money collected from the rate payers for this purpose, but also the interest upon such moneys.

This is a custom that frequently obtains in well managed business corporations, but we feel that the present rate payers should have the benefit, themselves, of such advantage as may accrue from the money that they have paid in annually for the purpose of ultimately retiring the district's bonds.

After the promulgation of our order, dated May 2, 1922, numbered U. 573, authorizing an increase of bonds of which ninety-eight thousand dollars (\$98,000) bearing interest at the rate of five (5) per centum per annum, to be callable at par within one year from the date of issue and to be sold initially at not less than the par value thereof and accrued interest, the district should have in its sinking fund the amount of one hundred eighty-two thousand one hundred fifty-nine dollars and

seventeen cents (\$182,159.17). Its report to this Commission discloses that the amount of seventy-four thousand dollars (\$74,000) of these bonds in the sinking fund bear interest at three and one-half per cent ($3\frac{1}{2}\%$) per annum while the ninety-eight thousand dollars (\$98,000) in bonds authorized by us under date of May 2, 1922, bear interest at five per cent (5%) per annum. The balance of ten thousand one hundred fifty-nine dollars seventeen cents (\$10,159.17) remain in the sinking fund, we shall assume is earning interest at the rate of at least three and one-half per cent, ($3\frac{1}{2}\%$), and the total interest annually received from these sources by the district amounts to seven thousand eight hundred forty-five dollars fifty-seven cents (\$7,845.57). The following tabulation shows this in detail:

<i>Amount</i>	<i>Rate</i>	<i>Annual Interest</i>
\$74,000 00	$3\frac{1}{2}\%$	\$2,590 00
98,000 00	5%	4,900 00
10,159 17	$3\frac{1}{2}\%$	355 57
<hr/> \$182,159 17		<hr/> \$7,845 57

In our estimated financial requirement from July 1, 1922 to July 1, 1923, we have included interest on the total amount of bonds outstanding, aggregating one million one hundred thirty-six thousand dollars (\$1,136,000), which interest will be collected from the present rate payers. In consequence of this, we feel that these same rate payers should be entitled to the interest enuring from the sinking fund that their money has enabled the trustees to accumulate, aggregating, as we have previously stated, to seven thousand eight hundred forty-five dollars fifty-seven cents (\$7,845.57). Hereafter, therefore, the trustees of the district should account for the income from their sinking fund as non-operating income and each year as the sinking fund is increased, it is clear that the amount which the rate payers will be obliged to pay will be correspondingly decreased; applying this rule of procedure to the figures which we have already assembled, we obtain the following results:

Assumed deficit on basis of 1921.....	\$15,640 53
Less interest from sinking fund reserve.....	7,845 57
	<hr/>
Actual net requirement on assumed basis.....	\$7,794 96

A study of these figures convinces us, however, that it will be necessary for the district to receive from increased revenue the amount of seven thousand seven hundred ninety-four dollars ninety-six cents (\$7,794.96). In the proposed schedule filed by the district it seeks to obtain this amount, in part, by increasing the charge for first faucets in dwelling houses from the present rate of five dollars (\$5) to the proposed rate of seven dollars (\$7). It also seeks to increase the price on faucets in bath tubs from three dollars (\$3) to four dollars (\$4). The new schedule also proposes a general installation of meters in municipal buildings and in business places. We feel constrained to say that the wastage of water is too general and should be checked, and we are assured by the representatives of the district that immediate steps will be taken to correct this unbusinesslike condition.

During the course of our study of the district's affairs, we have found many conditions that should be corrected and practices that have been unlawfully discriminatory. For instance, troughs have been charged for in Waterville, but no charge has been made in the other divisions of the district; standpipes, likewise, have been paid for by the Waterville division of the district, but no charge has been made for them in Fairfield. These practices are not in accord with the law and must be discontinued. The proposed schedule, in any event, is experimental. We are not able to determine exactly what revenue will be produced by the schedule which it is proposed to put into effect. For that reason we shall require that returns be made to us at the end of each three months for the present, showing the result of the application of a new schedule to the conditions of the district. At the end of a reasonable period we shall upon petition or upon our own motion gladly give our attention to the matter again to the end of adjusting the affairs of the district as subsequent events may show to be proper. Prior to 1912 the charge for each faucet was seven dollars (\$7) within the limits of the district. It was then decreased to the amount of five dollars (\$5). This rate is lower than any obtaining generally throughout the State with the exception of one or two places. A comparison with the rates charged in other municipalities make evident that the rate proposed by the trustees would be justified by the experience of similar water districts

and water companies in other sections of the State. We do not believe, however, that it will be necessary at this time, in view of the uncertainty of the revenue-producing qualities of the proposed schedule, to increase the rate on first faucets from five dollars (\$5) to seven dollars (\$7). We shall, accordingly, order that a schedule be filed making the increase only from five dollars (\$5) to six dollars (\$6) for the first faucet and from three dollars (\$3) to four dollars (\$4) on bath tubs. As nearly as we are enabled to estimate from data on file in our office, these two items alone will produce a revenue of six thousand four hundred sixty-eight dollars (\$6,468) which is only thirteen hundred twenty-six dollars ninety-six cents (\$1,326.96) smaller than the requirement which appears to be necessary from the figures we have been tentatively using in our study of the case, and this latter sum may easily be earned by the proposed metering of the various services.

During the hearing, charges were made concerning matters which are involved in actions pending before courts of competent jurisdiction, and it is unnecessary, even if it were proper, for us to speak of them in this case. Assuming, for the purpose of argument, that the amounts involved shall be repaid to the district, it would not affect the conclusion we have reached because we are predicating our figures upon the expenses and revenues of what we have called the "normal year," which in this case is the year when the expenses and revenues will be those ordinarily obtaining, excluding unlooked-for conditions that may affect either the revenues or the disbursements.

Rates must be uniform throughout the district, and we do not approve the difference of rates with respect to the service in North Vassalboro.

Attached to the schedule and made a part thereof are certain proposed rules and regulations of the water district. Some of these we expressly disapprove, and the others are permitted to go into effect tentatively; objection may, at any time, be made to them by persons who believe they are injuriously affected, and this Commission will then consider such rules and regulations in detail. This new schedule being merely experimental, we shall feel ourselves at liberty to order a change in the rules and regulations as well as in the rates after opportunity shall have been given to observe their actual operation.

We disapprove the following rules and regulations as they are stated in the proposed schedule, but amendments of these may be submitted conformable with the law of this state:

(1) Sheet 1. "Application for Water Service." We suggest that this rule be extended so as to include the rendition of service to a person who is occupying premises although he may not be the owner.

(2) Sheet 2. We disapprove of the rule or regulation bearing the caption "Responsibility for Charges," and suggest that the concluding clause providing for the furnishing of the name of any new owner of building be omitted. This may be made the matter of request by the district, but should not appear in its present form.

(3) Sheet 4. We disapprove the paragraph bearing the caption "No Liability for Dirty Water" as it is herein expressed.

(4) Sheet 6. We disapprove of the paragraph bearing the caption "Conditions for Turning on Water" as it is herein stated.

(5) Sheet 8. We disapprove of the paragraph bearing the caption "No Business with Delinquents," also the paragraph bearing the caption "Deposits May be Required."

(6) Sheet 15. We disapprove of the paragraph bearing the caption "Ungraded Streets or Ways" as set forth.

In connection with the "Dwelling House" services as indicated in the schedule as proposed by the water district, the following conditions are provided:

"Washing machine, electric driven, if used in connection with set tubs, no charge. If used alone, \$3.00 per year."

While it may be true that the use of the washing machine in homes is limited and the application of the charge would produce a revenue which might be considered as almost negligible, the question arises whether or not the use of a washing machine in lieu of the ordinary hand wash tubs constitutes a classified service for which a separate charge should be made. It is, of course, proper to charge a reasonable rental for all water consumption, but due regard must be observed in order to prevent a duplication in rentals. When a customer pays for a first faucet, or in addition thereto for an extra faucet, he is entitled to a reasonable supply of water for the various domestic needs.

Such needs include the use of wash tubs or washing machines, and so long as the washing devices are not permanently fixed or made stationary and equipped with a separate faucet, it does not appear reasonable to apply a yearly charge of \$3.00. In order to prevent any misunderstanding as to this class of water use, the washing machine services as mentioned and as indicated in the schedule should be eliminated. If such machines are equipped with a separate faucet, a charge for same is provided, as such would constitute an extra faucet.

Therefore, having given the matters herein complained of such consideration as is permitted by such facts and conditions now known to us, it is

ORDERED, ADJUDGED AND DECREED

(1) That the first faucet rate of seven dollars (\$7.00) as proposed by the Kennebec Water District for dwelling house use and as set forth in its schedule M. P. U. C. No. 2, is excessive and unreasonable, and said district is required to establish in lieu thereof a yearly charge of six dollars (\$6.00);

(2) That the first bath tub yearly rental of four dollars (\$4.00) be and the same hereby is approved;

(3) That the provisions as set forth in Class A, Sheet 1, (original) of schedule M. P. U. C. No. 2, whereby it is proposed for reason of inadequacy of service to grant a discount of twenty-five (25) per cent in rates for water sold in North Vassalboro, be and the same hereby is disallowed and the district is required to apply to services rendered in North Vassalboro the same rates as are applicable in other sections in which it operates;

(4) That the application of the district for a reduction in the yearly sprinkler-head rate from eight cents (8c) to five cents (5c) be and the same hereby is granted;

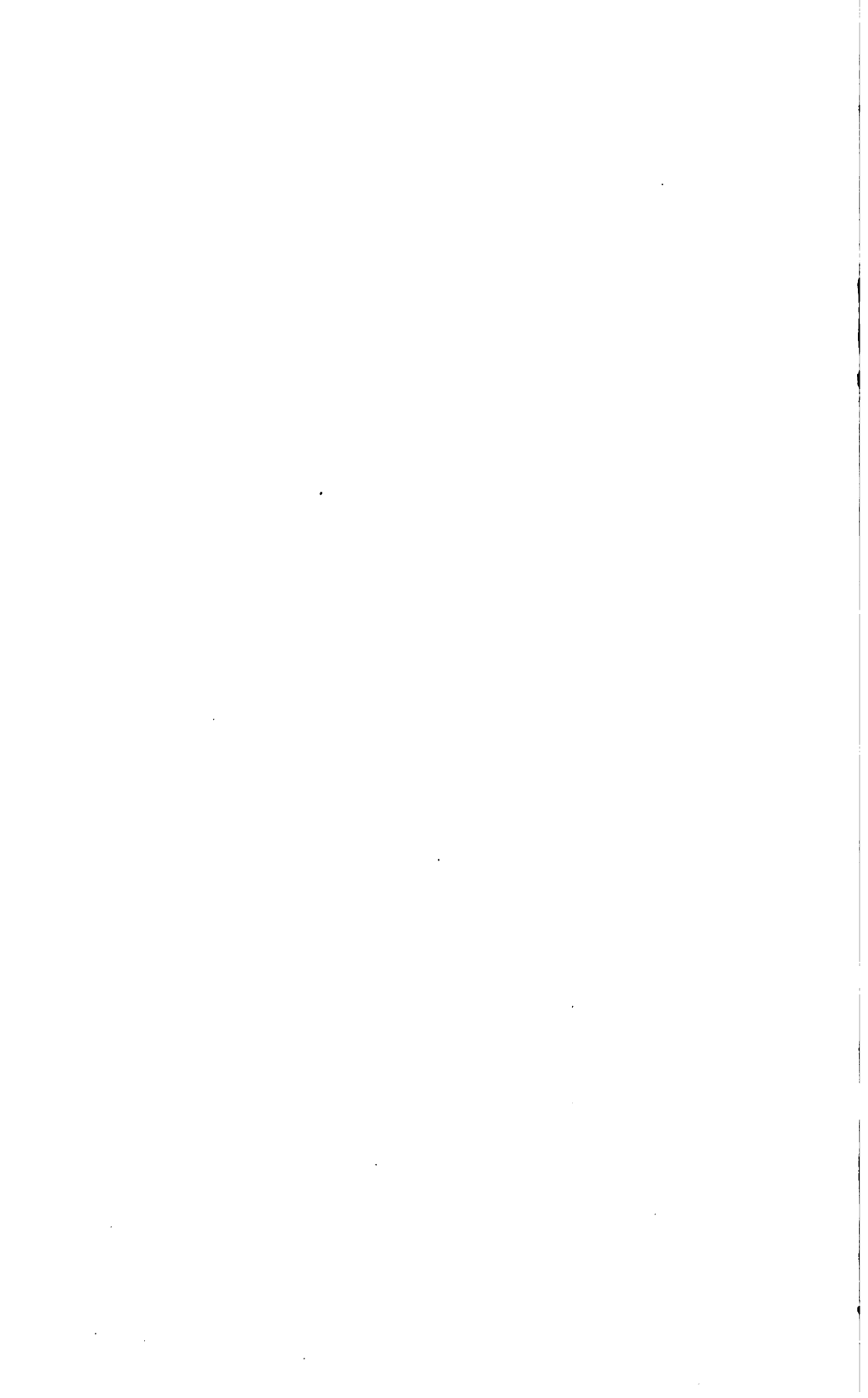
(5) That the provision as contained in Class A, Sheet 1, (original) of schedule M. P. U. C. No. 2, proposing a yearly charge of three dollars (\$3.00) for a washing machine, "if used alone," be eliminated;

(6) That the rules and regulations as contained in schedule M. P. U. C. No. 2, and specifically referred to in this decree be and the same hereby are disapproved to the extent as herein stated;

(7) That the Kennebec Water District be and it hereby is permitted to file on or before July 1, 1922, making effective on that date, a new schedule which shall amend schedule M. P. U. C. No. 2, in compliance with this order;

(8) Inasmuch as it is not possible to ascertain within a sufficient degree of accuracy what revenue will be produced from the application of the new rates, or what the result will be in view of the change in operating conditions, the district is ordered to submit to this Commission, at the end of each three (3) months' period after the new schedule of rates becomes effective and until otherwise ordered, a report of its operations, showing in detail the results obtained under the new schedule;

(9) That this matter be not closed, but remain open upon the docket of this Commission for such other and further order as upon evidence already submitted or hereafter to be obtained is lawful and proper.



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